2019

UNIVERSAL REGISTRATION DOCUMENT

RALLYE

The French language version of this Universal Registration Document was filed on 29 April 2020 with the French securities regulator (*Autorité des marchés financiers* – AMF) as competent authority under Regulation (EU) 2017/1129 without prior approval pursuant to Article 9 of said Regulation.
The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AMF together with any amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129.

The English language version of this report is a free translation of the original, which was prepared in French. In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.

RALLYE

A French *société anonyme* (joint stock company) with a share capital of €156,545,307
Registered with the Paris Trade and Companies Register under number 054 500 574
Registered office: 83, rue du Faubourg-Saint-Honoré – 75008 Paris, France
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AFR Information in this document identified with the "AFR" acronym is an integral part of the Annual Financial Report, in accordance with Article L. 451-1.2 of the French Monetary and Financial Code (*Code monétaire et financier*).

Management and governance

Jean-Charles Naouri,
Chairman of the Board of Directors

Board of Directors[1]

Jean-Charles Naouri
Chairman of the Board of Directors

Philippe Charrier
Independent Director

Jacques Dumas
Director

Catherine Fulconis
Independent Director

Virginie Grin
Representing Finatis

Didier Lévêque
Representing Foncière Euris

Odile Muracciole
Representing Euris

Anne Yannic
Independent Director

Jean Chodron de Courcel
Christian Paillot
Non-voting Directors

Executive Management

Franck Hattab
General Manager

Statutory Auditors

Ernst & Young et Autres
Represented by Henri-Pierre Navas

KPMG Audit – Department of KPMG SA
Represented by Jean-Marc Discours

(1) Reappointments to be submitted for approval to the Shareholders' Meeting of 26 June 2020.

Chairman's message

Casino, Rallye's primary asset – the main contributor to Rallye's consolidated net sales – is one of the world's leading food retailers. In France, its sales performance is secured by a mix of banners and formats that are well adapted both to the economic environment and to new, major and long-lasting consumer trends. Internationally, its expansion strategy is focused on Latin America, where its subsidiaries benefit from deep local roots and leadership positions.

For Casino Group, 2019 was marked by continued development in France. Casino remains focused on its strategic priorities: (i) development of its buoyant formats and (ii) the Group's repositioning – with the disposal of Leader Price, which brings the total proceeds from disposals signed in connection with the disposal plan to €2.8 billion. Same-store sales rose by 1.9% over the year. The Group pursued the development of its E-commerce business, which accounted for 24% of the business in France in the fourth quarter of 2019.

In Latin America, 2019 saw strong performances in the cash & carry segment and in revamped formats, as well as a sharp acceleration in E-commerce. The Group's structure was simplified by bringing its activities in the region under the umbrella of its subsidiary GPA. GPA's performance was bolstered by the excellent momentum of Assaí, which recorded sales growth of 22%[1], and by the revamped and convenience formats. E-commerce sales were up 40%[1]. In Colombia, the Éxito Wow, Carulla Fresh Market and Surtimayorista formats met with resounding success, with E-commerce growing 37%[1].

Rallye posted consolidated net sales of €34.7 billion in 2019 and recurring operating income of €1,276 million. The net debt of the Rallye holding company scope totalled €3 billion at 31 December 2019, versus €2.9 billion a year earlier.

From December 2015, Casino and Rallye were subject to coordinated and sustained speculative attacks. This activity was aimed at systematically decreasing the prices of the Group's securities, mainly by way of short selling. It caused downward pressure on the prices of their shares and debt securities and over the long term resulted in a sharp drop in both Casino and its parent companies' – Rallye, Foncière Euris and Finatis – share prices, leading to an increasing mismatch between the market value and the intrinsic value of the underlying assets. Market pressure rose from mid-May 2019, mainly as a result of a sustained increase in short positions, a surge in the Rallye credit default swap on 20 May and, in turn, the massive hike in securities lending and borrowing.

Following these persistent and massive speculative attacks against the Group's securities, Rallye and its subsidiaries Cobivia, HMB and Alpétrol requested and obtained the initiation of safeguard proceedings further to the court decisions of 23 May 2019 and 17 June 2019. On 28 February 2020, the companies' safeguard plans were approved by the Paris Commercial Court, bringing the observation period to an end. Under the safeguard proceedings, Rallye now intends to continue its development with confidence in order to ensure the Group's integrity and to consolidate its financial position in a stabilised environment.

The beginning of 2020 has been marked by the unexpected COVID-19 health crisis, which is shifting our way of life and having an impact on our personal and professional lives and day-to-day existence. With this in mind, our Group has prioritised protecting its employees' health and its business' long-term viability.

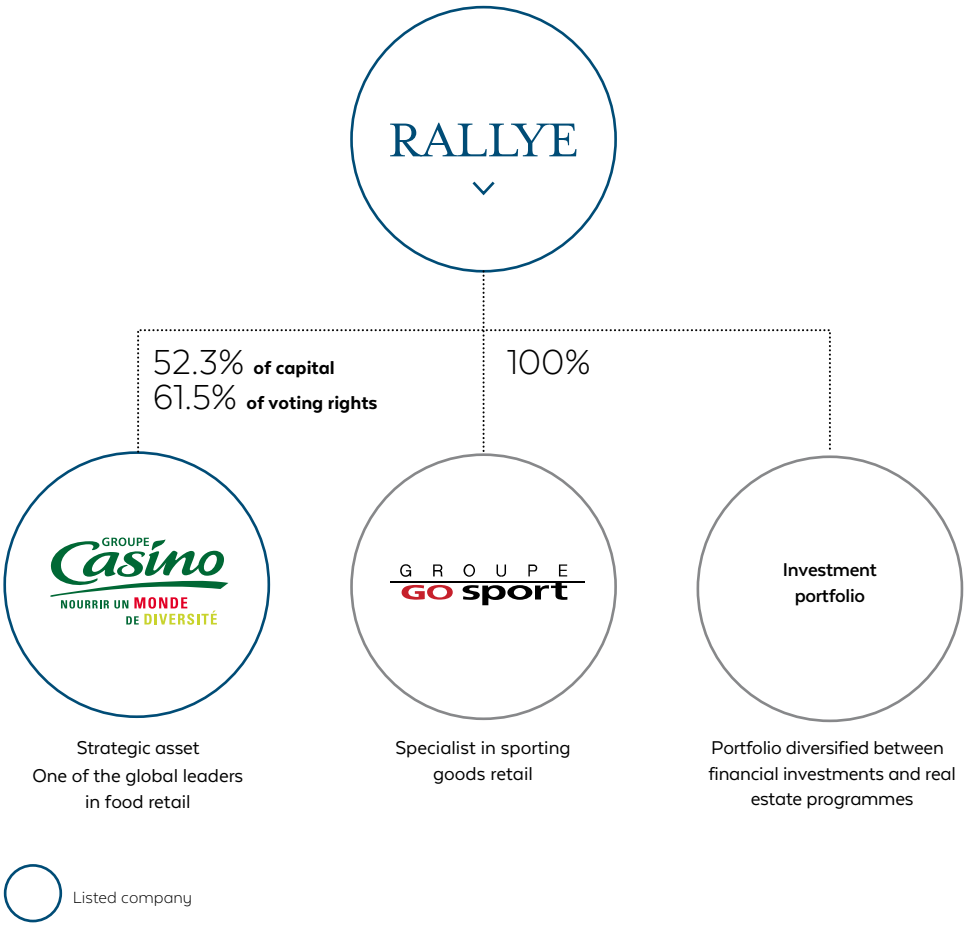
With the global crisis, food retail jobs have never been so exposed or so vital. Demand has risen to unprecedented levels, with local formats, urban stores and E-commerce accounting for the bulk of the increased activity. Measures have been introduced to ensure the Group's core mission of securing the food supply of the populations it serves. In a challenging economic environment, our teams stand mobilised and unified in preparation for the post-crisis future, as they continue the accelerated adaptation of operating processes and the development of new offerings in response to the current unprecedented situation.

I would like to thank all of our team members personally for their commitment, particularly those in day-to-day operations, who have shown courage and exemplary commitment.

Jean-Charles Naouri

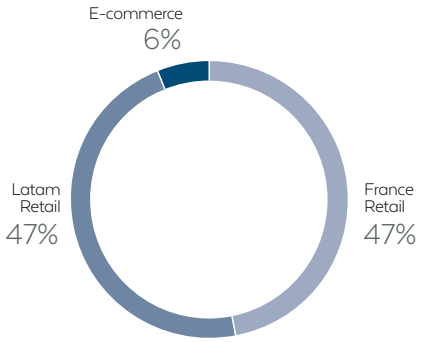
(1) Figures provided by the subsidiary.

Simplified Group organisation chart at 31 December 2019

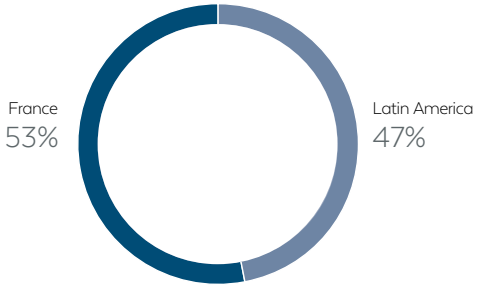


Key figures at 31 December 2019

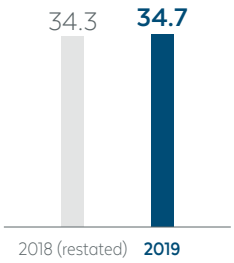
NET SALES BY BUSINESS
(%)



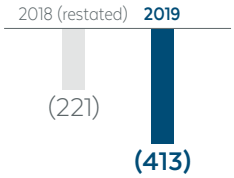
NET SALES BY REGION
(%)



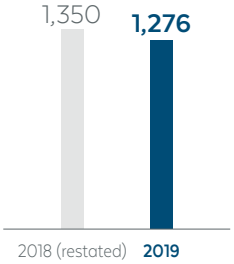
CONSOLIDATED NET SALES
(€ billions)



NET INCOME (LOSS) FROM CONTINUING OPERATIONS, GROUP SHARE
(€ millions)



RECURRING OPERATING INCOME
(€ millions)



KEY CONSOLIDATED FIGURES

(€ millions)	2018 restated	**2019**
Net sales	34,335	**34,652**
EBITDA[1]	2,655	**2,624**
EBITDA margin (%)	*7.73%*	***7.57%***
Recurring operating income	1,350	**1,276**
Recurring operating income margin (%)	*3.93%*	***3.68%***
Net income (loss) from continuing operations, Group share	(221)	**(413)**
Consolidated net income (loss), Group share	(256)	**(962)**

(1) EBITDA = recurring operating income + net recurring depreciation and amortisation expense.
NB: The 2018 and 2019 financial statements are presented in accordance with IFRS 16 – Leases, the Group having elected to apply the "full retrospective" transition method. In addition, the 2018 financial statements have been restated to exclude Leader Price and Groupe GO Sport, which have been classified as discontinued operations and non-current assets held for sale, in accordance with IFRS 5.

Chapter 1

MANAGEMENT REPORT

1 Casino Supermarkets, France
2 Pão de Açúcar, Brazil
3 Éxito, Colombia
4 Le Petit Casino, France
5 Naturalia, France
6 Leader Price, France
7 Monoprix, France
8 Franprix, France

Significant events

Casino

Asset disposal plans in France

Casino launched a €4.5 billion asset disposal programme in France, consisting of a first plan launched in June 2018 for €1.5 billion and increased to €2.5 billion on 14 March 2019, and a second plan launched in August 2019 for €2 billion as part of its strategic plan. Through the programme, Casino intends to step up its development by focusing on strategic priorities such as fast-growing formats, categories, geographies and business lines, cash flow generation and deleveraging.

In 2019, Casino sold assets for €1 billion, after selling €1.1 billion of assets in 2018.

On 21 January 2019, Casino announced the sale of 26 hypermarket and supermarket properties worth €501 million, for which it received €392 million on 11 March 2019 on completion of the transaction.

On 14 February 2019, Casino sold its contract catering services subsidiary to Compass Group. The operation was finalised on 1 July 2019.

On 22 April 2019, Casino announced the sale of store properties to companies affiliated with Apollo Global Management. On 16 October 2019, Casino finalised the sale of 31 hypermarket and supermarket properties valued at €465 million to companies affiliated with Apollo Global Management, for which it received €327 million.

On 22 July 2019, Casino announced that it had signed an agreement with GBH to sell Vindémia, its retail subsidiary in the Indian Ocean, for an enterprise value of €219 million. Vindémia will continue operating and developing within GBH's retail division.

On 19 September 2019, Casino confirmed that it had entered into talks with Aldi France for the sale of Leader Price.

Following the signing in March 2020 of the agreement with Aldi to sell Leader Price, Casino has sold to date €2.8 billion in assets since June 2018 (for which it had received €1.8 billion at end-2019). The agreement with Aldi rounds out the Rocade plan launched at the end of 2018 to close and dispose of loss-making stores, and accelerates the strategic repositioning of Casino.

Rocade loss-making store closure and disposal plan in France

In order to focus on buoyant formats (premium, convenience and E-commerce), categories and geographies, at the end of 2018 Casino launched a plan for the disposal and closure of loss-making stores (Rocade plan). It has since sold 17 integrated hypermarkets and 14 integrated supermarkets, and closed four integrated supermarkets. Excluding Leader Price, these transactions had a €500 million negative full-year impact on net sales, partially offset by the independent retailers joining the franchise network with gross sales under banner of nearly €300 million. The full-year positive impact on trading profit is €50 million (€18 million in 2019).

Reorganisation of the Group's structure in Latin America

In 2019, Casino reorganised its Latin American operations.

On 26 June 2019, the Board of Directors of GPA, a subsidiary of Casino in Brazil, approved the formation of an *ad hoc* committee to study a project to simplify Casino's structure in the region.

The project included i) a cash tender offer to be launched by GPA on 100% of Éxito's shares, to which Casino would tender its entire stake (55.3%), ii) the acquisition by Casino of the shares held by Éxito in Ségisor (which itself holds 99.9% of the voting rights and 37.3% of the economic rights of GPA), and iii) the migration of GPA shares to the Novo Mercado B3 listing segment, with the conversion of preferred shares into ordinary shares at an exchange ratio of 1:1.

On 24 July 2019, Casino's Board of Directors approved the decision to tender its stake in Éxito to GPA's tender offer and to acquire the shares held by Éxito in GPA through Ségisor for a price based on BRL 109 per GPA share.

On the same date, GPA's Board of Directors launched a cash tender offer on 100% of Éxito's share capital for COP 18,000 per share through a wholly-owned subsidiary.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SPORT

On 12 September 2019, Éxito's Board of Directors and its General Meeting approved the sale of its entire stake in Ségisor to Casino, enabling: (i) Casino to acquire the shares held by Éxito in Ségisor; and (ii) GPA to launch an all-cash tender offer for Éxito.

GPA was listed on the Novo Mercado on 2 March 2020, giving it access to a broader international investor base.

Casino now holds 41.42% of the share capital of GPA, which is itself the controlling shareholder of Éxito with a 96.6% stake, and of its subsidiaries in Uruguay and Argentina.

Strengthening of Casino's financial structure

On 22 October 2019, Casino announced a plan to strengthen its liquidity and financial structure in a two-step transaction consisting of: (i) a new syndicated credit line of approximately €2.0 billion maturing in October 2023; and (ii) €1.5 billion in new financing via a term loan ("Term Loan B") and a high-yield secured bond issue, each maturing in January 2024. These facilities enable Casino to refinance a portion of its existing debt, notably via a buyback offer on bonds maturing in 2020, 2021 and 2022.

(i) On 7 November 2019, Casino announced the successful syndication of a €1,000 million term loan ("Term Loan B") and the placement of an €800 million high-yield secured bond issue, each maturing in January 2024. The term loan bears interest at Euribor 5.5%[1], while the bonds pay a coupon of 5.875%.

(ii) On 13 November 2019, Casino announced the success of its bond buyback offer. A total amount of around €784 million was tendered to the offer. Taking into account the buyback price and accrued interest, the total cash paid out by Casino was €806 million. These transactions extended the average maturity of Casino's bonds and term loans to 3.8 years from 3.3[2] years previously.

(iii) On 19 November 2019, Casino announced the signing of a new €2 billion syndicated credit line maturing in October 2023. This new facility improves Casino's liquidity by increasing the average maturity of its credit lines in France to 3.6 years from 1.6 years previously.

On 21 November 2019, Casino also announced that it had finalised its refinancing plan.

Expansion of the partnership with Amazon signed in 2018

Building on the success of the Monoprix-Amazon business partnership launched in September 2018, which offers products selected by Monoprix to Amazon Prime members residing in Paris, on 23 April 2019 Casino announced that the partnership would be expanded through the following three initiatives: (i) the installation of Amazon Lockers in 1,000 Casino Group stores; (ii) Casino private-label products being made available on Amazon (as well as Naturalia products as from 28 August 2019); and (iii) the extension of delivery services to towns and cities beyond the Paris area. On 21 November 2019, this service was rolled out to Nice and 11 municipalities in the Alpes-Maritimes region.

Other significant events of the year

Horizon International Services, Casino Group's international alliance with Auchan Retail, METRO and DIA dedicated to selling services to suppliers that operate internationally, was officially launched on **6 March 2019**. Horizon International Services covers the 47 countries in Europe, Asia and South America in which these companies operate.

On **5 September 2019,** Casino announced that Vesa Equity Investment, an investment fund owned by Daniel Křetínský, the controlling shareholder with a 53% stake and Patrik Tkáč (47% stake), held 5,020,139 shares of the Casino, Guichard-Perrachon Group, representing 4.63% of its share capital at 3 September 2019.

Rallye

On **28 February 2019**, Rallye announced that its wholly-owned subsidiary Groupe GO Sport had completed the sale of the Courir business to Equistone Partners Europe for €283 million, following the binding offer received on 19 October 2018. A process for the sale of Groupe GO Sport shares has therefore been launched.

Further to the Court decisions of **23 May 2019 and 17 June 2019**, Rallye and its subsidiaries Cobivia, L'Habitation Moderne de Boulogne (HMB) and Alpétrol, and parent companies Rallye Foncière Euris, Finatis, and Euris, announced that they had requested and obtained the initiation of safeguard proceedings (*procédure de sauvegarde*) for an initial six-month period. The Paris Commercial Court appointed Maitre Hélène Bourbouloux and Maitre Frédéric Abitbol as administrators.

On **28 February 2020**, the Paris Commercial Court approved the safeguard plans for Rallye and its subsidiaries Cobivia, HMB and Alpétrol.

(1) If Euribor is negative, it will be deemed equal to zero.
(2) Bond issue and term loan.

Business report

The Rallye Group operates in the food retail and non-food E-commerce markets through its majority interest in Casino Group.

- Casino, Rallye's primary asset – and the main contributor to Rallye's consolidated net sales – is one of the world's leading food retailers. In France, its sales performance is secured by a mix of banners and formats that are well adapted both to the economic environment and to major and long-lasting social trends. Internationally, its expansion strategy is focused on emerging markets with high growth potential, primarily in Latin America, where its subsidiaries benefit from deep local roots and leadership positions.
- Rallye also manages other assets:
  - Groupe GO Sport, a wholly-owned retailing subsidiary specialised in sporting goods through the GO Sport banner;
  - a diversified investment portfolio comprising financial investments held directly or through specialised funds, as well as commercial property programmes.

Rallye

Rallye, the majority shareholder of Casino with a 52.3% stake in its capital at 31 December 2019, is one of the Group's holding companies, controlled by Jean-Charles Naouri.

As at 31 December 2019, the Group operates approximately 12,000 stores in France and abroad through its operating subsidiary Casino, employing more than 220,000 people throughout the world, including around 75,000 in France, and generating consolidated net sales of €34.6 billion in 2019.

On 23 May 2019, Rallye and its subsidiaries Cobivia and HMB requested the initiation of safeguard proceedings. On 17 June 2019, Alpétrol, an indirect subsidiary of Rallye, also requested the initiation of safeguard proceedings. The observation period ended on 28 February 2020 when the safeguard proceedings for Rallye and its subsidiaries were approved by the Paris Commercial Court. The Court decisions were published in the French official bulletin of civil and commercial announcements (BODACC) on 17 March 2020.

Initiation of safeguard proceedings

› Context

From December 2015, Casino and Rallye were subject to coordinated and sustained speculative attacks. This activity was aimed at systematically decreasing the prices of the Group's securities, mainly by way of short selling.

It caused downward pressure on the prices of their shares and debt securities and over the long term resulted in a sharp drop in both Casino and its parent companies' – Rallye, Foncière Euris and Finatis – share prices, leading to an increasing mismatch between the market value and the intrinsic value of the underlying assets.

Market pressure rose from mid-May 2019, mainly as a result of a sustained increase in short positions, a surge in the Rallye credit default swap on 20 May and, in turn, the massive hike in securities lending and borrowing.

This drop in share prices had a direct impact on the financing arrangements of the parent companies, which are guaranteed by pledges over the shares of their subsidiaries. Indeed, under the terms of the margin call mechanisms[1] in place, if the value of securities pledged decreases then additional securities must be pledged to avoid the early repayment of loans.

At 21 May 2019, Rallye and its subsidiaries had already pledged the majority of their Casino shares. Accordingly, the continued fall in the Casino share price was likely to result in non-compliance with the margin call mechanisms, which in turn was likely to trigger the early repayment of Rallye's debt and, by cross default, the debt of the parent companies. Furthermore, the companies' liquid assets would not have been sufficient to immediately repay their credit lines.

› Initiation of safeguard proceedings for Group companies

Against this backdrop, parent companies Euris, Finatis and Foncière Euris and Rallye and its subsidiaries Cobivia, HMB and Alpétrol requested and, further to Court decisions of **23 May 2019** and 17 June 2019 for Alpétrol, obtained the initiation of safeguard proceedings for an initial six-month observation period until **23 November 2019** and until 17 December 2019 for Alpétrol. At the end of November 2019 and mid-December 2019 respectively, the companies announced that they had obtained a further six-month extension of the observation period for the safeguard proceedings , namely until **23 May 2020** and 17 June 2020 for Alpétrol.

The Paris Commercial Court appointed Maitre Hélène Bourbouloux and Maitre Frédéric Abitbol as administrators to oversee the safeguard proceedings.

On **28 February 2020**, the safeguard plans were approved by the Paris Commercial Court, bringing the observation period to an end.

Operating subsidiaries, Casino and Groupe GO Sport, are not concerned by these proceedings.

(1) Margin call mechanisms apply in the event that the value of the securities pledged to a creditor falls below a contractually defined ratio: the debtor must immediately pledge additional securities or, where possible under the agreement, provide cash collateral if such debtor cannot pledge additional securities. The share pledge agreements provide for a coverage ratio of 130% of the outstanding amount.

› Holding company debt at the initiation of safeguard proceedings

At the initiation of the safeguard proceedings, the debt of the holding companies (Euris, Finatis, Foncière Euris and Rallye) was mainly composed of derivatives transactions, bank borrowings and bonds primarily borne by Rallye, as set out below:

	Debt *(€ millions)*			Pledged securities			
Company	Gross	Net of cash collateral	Cash *(€ millions)*	Company	% capital held	% capital pledged	% pledged/ held
Euris	110	110	11	Finatis	93%	64%	69%
Finatis	135	135	6	Foncière Euris	91%	58%	64%
Foncière Euris	281	223	21	Rallye	61%	54%	88%
Rallye	3,195	3,057	94	Casino	52%	48%	93%
TOTAL	**3,721**	**3,525**	**132**				

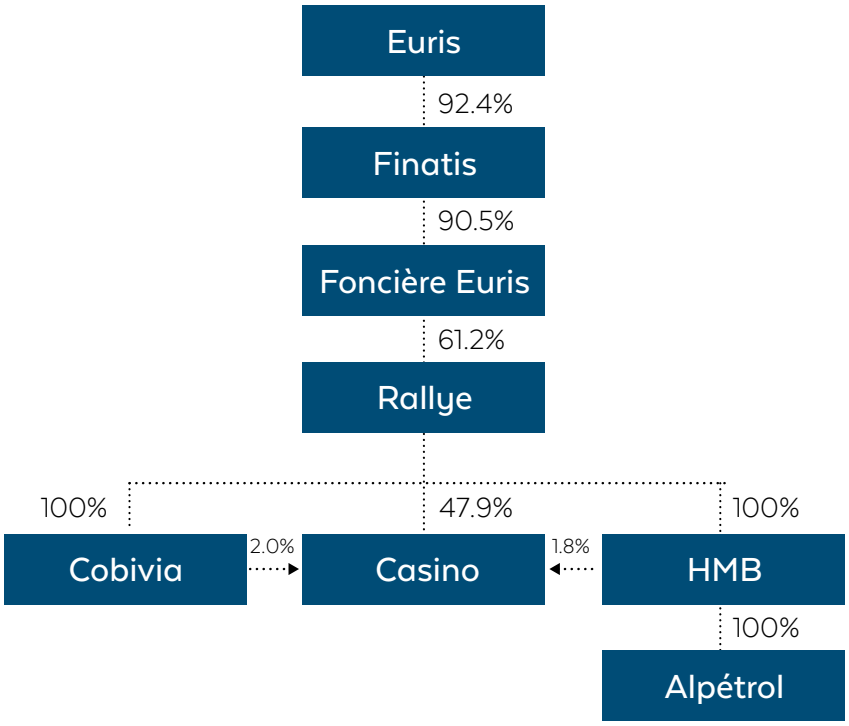
A significant portion of bank debt was secured by pledges over Casino shares held by Rallye, Rallye shares held by Foncière Euris, Foncière Euris shares held by Finatis and Finatis shares held by Euris.

In the event that the value of shares in the pledged accounts falls below a contractually defined ratio (at least 130%), the companies would have to repay part of the debt to make up 130% or pledge more securities as collateral for lenders (margin call mechanism).

Any failure to comply with one or more of these commitments would require the early repayment of Rallye, Cobivia and HMB's debt, which in turn would require the early repayment of Foncière Euris, Finatis and Euris' bank debt (cross default).

› Simplified Group organisation chart at the initiation of safeguard proceedings

The diagram below shows the position of each entity within the Group at the date of initiation of the safeguard procedures:



Suspension of pre-initiation debts

› Ban on the payment of pre-initiation debts

Other than the exceptions provided for under Article L. 211-40 of the French Monetary and Financial Code (*Code monétaire et financier*) (see the paragraph below on "Derivatives transactions not covered by the safeguard plan"), the decisions initiating the safeguard proceedings automatically prohibit (i) the payment of any debts arising prior to the decision to initiate safeguard proceedings (Article L. 622-7 of the French Commercial Code [*Code de commerce*]), namely any bank debts and bonds (principal and interest) held by the entities, and (ii) the enforcement of existing securities.

Only debts arising after the decisions to initiate the safeguard proceedings and incurred for the purposes of the observation period or in exchange for services provided to the entities during said period, i.e., in practice, post-initiation debts arising in the ordinary course of operations, are to be paid by the entities when they fall due.

As a result of the suspension of pre-initiation debts, the implementation of safeguard proceedings prevents any action from being taken against the entities for the purpose of having them repay those pre-initiation debts or in order to terminate agreements due to default on those debts. During the observation period of the safeguard proceedings, the companies' assets cannot be seized due to a failure to reimburse the pre-initiation debts (except as specified in Article L. 211-40).

The safeguard proceedings also prohibit co-contractors from terminating their agreements, accelerating payments on a loan, reducing the contractual rights or increasing the contractual obligations of the entities solely on account of the safeguard proceedings initiated, irrespective of whether or not those agreements are in effect. Any provisions to the contrary shall be deemed null and void.

› Processus for admission of claims to liabilities

On the initiation of the safeguard proceedings, the companies shared a list of their creditors and the amount of their debt with the judicial representatives in accordance with Article L. 622-6 of the French Commercial Code.

To maintain their rights, all creditors were asked to report their claims under the liabilities falling within the scope of the companies' safeguard proceedings within two months of the publication of the initiation decision in the BODACC, or four months for creditors that do not reside in mainland France (Articles L. 622-24 and R. 622-24 of the French Commercial Code).

Claims are admitted to liabilities when the insolvency judge acknowledges the existence and amount of a duly declared claim, potentially after dispute hearings between the creditor and the debtor.

› Recap of Rallye's gross debt

As of the initiation of the safeguard proceedings, Rallye's gross debt (excluding claims under derivatives transactions) was as follows:

(€ millions)	Rallye
Claims secured by pledges over:	
– Casino shares	1,153
– shares of Rallye subsidiaries (other than Casino)	204
Unsecured claims (Rallye: including bond financing)	1,566
TOTAL	**2,923**

Derivatives transactions not covered by the safeguard plan

During the observation period, Rallye, Foncière Euris and Euris were first required to hold discussions with those banks that had entered into derivatives transactions not covered by the provisions of Book VI of the French Commercial Code governing the safeguard proceedings, and that could therefore exercise the attached securities, i.e., pledged shares, independently of the safeguard proceedings.

The enforcement of said pledges would significantly affect the implementation of the safeguard plans in that it would reduce Rallye's stake in Casino's share capital by 8.7% and Foncière Euris' stake in Rallye's share capital by 21.6%, and their corresponding rights and dividends accordingly.

As regards Foncière Euris, on **5 July 2019**, Société Générale enforced pledges over 1.68 million Rallye shares, i.e., 3.2% of the share capital, that Foncière Euris had pledged as part of these transactions.

As for Euris, if the pledges granted as part of the derivatives transactions were enforced, its stake in Finatis' share capital would be reduced by 8.6%.

› Restructuring agreements on derivatives transactions

On **25 November 2019**, Rallye, Foncière Euris and Euris announced the entry into force of an agreement with their banks regarding all derivatives transactions.

The principles provided for in the **restructuring agreements**, which apply to all companies concerned, are as follows:

- all financial institutions that have agreed to the restructuring of the terms and conditions of the derivatives transactions (the "Relevant Financial Institutions") are treated in an equal manner;
- the Relevant Financial Institutions waive their rights under the ongoing default events provided for in the derivatives transactions as at the signature date of the restructuring agreements to request immediate payment of any amounts due by the companies or to enforce their pledges;

- derivatives transactions will only bear capitalized interests;
- Foncière Euris and Rallye acknowledge the application of the exemptions available under Articles L. 211-36 to L. 211-40 of the French Monetary and Financial Code , which allow for the termination, offsetting, and exercise of security interests despite the initiation of insolvency proceedings;
- all or some of the Relevant Financial Institutions may, if applicable, trigger the early repayment of the derivatives transactions or demand payment of their claims under the derivatives transactions and exercise the related security interests in the following main cases of default:
  - (i) the conversion of the safeguard proceedings initiated for the companies into legal redress proceedings (*redressement judiciaire*) or liquidation proceedings (*liquidation judiciaire*), or (ii) cancellation of the safeguard plan that will be adopted for the companies involved in the safeguard proceedings, or (iii) non-compliance with the schedule of the safeguard proceedings (in particular, the adoption of a safeguard plan by 31 July 2020);
  - the loss of direct or indirect control by Jean-Charles Naouri and his family of Euris, Finatis, Foncière Euris, Rallye or Casino;
  - cross default: (i) any default of payment for an amount exceeding €15 million resulting in the notification of a default event to Casino under any credit or derivatives transaction concluded between the Relevant Financial Institutions and Casino, and/or (ii) for Foncière Euris, any default by Rallye under the restructuring agreements for derivatives transactions entered into on 25 November 2019;
  - the exercise, in the event of default, by one of the Relevant Financial Institutions of any of its security interests relating to the derivatives transactions under the restructuring agreements for Rallye, HMB, Cobivia, Foncière Euris or Euris;
  - and specifically for Rallye and its subsidiaries: non-compliance with a coverage ratio determined as a certain proportion calculated as the value of the Casino shares pledged as collateral under the derivatives transactions as compared to the notional amount of such derivatives transactions (net of cash collateral), it being specified that the companies will have the right to pledge additional Casino shares as collateral to guarantee such transactions.

In accordance with the restructuring agreements, Foncière Euris accepted to withdraw from the ongoing legal proceedings against Société Générale, following Société Générale's appropriation of 1,680,396 Rallye shares as part of the exercise of its pledge (see the press release published by Foncière Euris on 12 July 2019).

The principles provided for in the restructuring agreements[1] for Rallye and its subsidiaries Cobivia and HMB are as follows:

Derivatives transactions	Rallye, Cobivia and HMB
Amount of exposure (net of cash collateral assigned to payment)	€231 million
Pledge *(in number of subsidiary shares)*	9.5 million Casino shares
Pledge *(as a % of the subsidiary's capital)*	8.7% of Casino's capital
Repayment schedule (in each case the companies will be able to exercise an early repayment option for the derivatives transactions)	50% by 30 June 2021 at the latest (or €100.5 million taking into account the additional cash collateral in an amount of €30 million). The outstanding amount by 31 December 2022 at the latest
Repayment terms and additional security interests	Any dividend paid in respect of Casino shares pledged as part of the derivatives transactions will be immediately and automatically allocated to the payment of the amounts owed under the derivatives transactions. The Relevant Financial Institutions benefit from additional security interests, in the form of additional cash collateral in an amount of €30 million allocated between institutions pro rata to their respective outstanding amounts in the companies' derivatives transactions.

Preparation of the draft safeguard plans

From the initiation of the proceedings, work began on preparing the draft safeguard plans, taking two major factors into account:

- the constraint of securities pledged to secured creditors who have priority access to dividend flows over the existing economic chain of ownership;
- the need for interdependent and complementary safeguard plans based on the existing economic chain of ownership.

Each draft safeguard plan is based on the ability of subsidiaries to pay dividends for the duration of the plans.

The draft safeguard plans provide for the full settlement of the liabilities of the companies, which have three types of resources:

- the dividends of each company within the chain of ownership and, ultimately, Casino's dividends;
- the sale of their non-strategic assets; and

(1) Not subject to the safeguard plan.

- different refinancing options. In particular, acceptance of the creation of a second-rank pledge over Casino shares[1] could allow for the implementation of financing for the early repayment and/or repurchase of unsecured claims which would be proposed as an amendment to the safeguard plan under the same terms and conditions to all holders of claims admitted to Rallye's liabilities and which are not secured by pledges over Casino shares. A maximum number of approximately 44 million Casino shares may be pledged under such second-rank pledges.

The consulting firm Accuracy approved the assumptions used in the draft plans for Rallye, its subsidiaries and its holding companies.

Accuracy concluded that Casino's dividend payment schedule resulting from the safeguard plans was compatible with its objectives and without prejudice to its future dividend policy, and enables Rallye, its holding companies and its subsidiaries to meet the plan's established deadlines in accordance with legal provisions.

› Liabilities repayment proposals

On **9 December 2019**, the companies announced that they had finalised their draft safeguard plans, drawn up with assistance from the court-appointed administrators.

Rallye's plans provide for the repayment proposals summarised below:

Debts less than or equal to €500

In accordance with the provisions of Articles L. 626-20-II and R. 626-34 of the French Commercial Code, Foncière Euris and Rallye's plans provide for the immediate payment of debts that are less than or equal to €500 and that do not exceed 5% of liabilities, without delay or discount once the plan is approved.

Financial liabilities guaranteed by pledges over Casino shares

If the proposal is accepted by the creditors guaranteed by pledges over Casino shares:

- repayment, in advance where possible, by appropriating the proceeds relating to the Casino pledges and offsetting with the cash pledge making up the collateral where applicable;
- repayment of up to 85% under the third annuity and the remainder under the fourth annuity (without prejudice to the early repayment referred to above);
- waiver of the capping clauses until complete repayment under certain conditions;
- authorisation for the creation of a second-rank pledge over Casino shares as part of the refinancing, provided that the pledge does not infringe the rights of creditors benefiting from a first-rank pledge over Casino shares.

If the creditors guaranteed by pledges over Casino shares fail to respond:

- repayment according to the same principles as acceptance.

If the proposal is rejected by the creditors guaranteed by pledges over Casino shares:

- setting of the repayment schedule by the Court and repayment in full according to the following schedule:
  - annuity 1: €100,000,
  - annuity 2: €100,000,
  - annuities 3 to 9: 5%,
  - annuity 10: 65% less the amounts paid for annuities 1 and 2;
- application of capping clauses[2].

Bank debts under derivatives transactions

In the event that their pledges are enforced, only the outstanding amounts that may be due to derivatives banks are covered by the plans of Rallye and its subsidiaries, which provide that these amounts will be paid in accordance with the following schedule, subject to making up the payments made prior to the annuity date following the enforcement of the pledge:

- annuity 1: €100,000,
- annuity 2: €100,000,
- annuities 3 to 9: 5%,
- annuity 10: 65% less the amounts paid for annuities 1 and 2.

Other receivables

The draft plans of Rallye and its subsidiaries provide for the payment of liabilities over a ten-year period starting on the date the plan is approved, in accordance with the following schedule:

- annuity 1: €100,000 to be distributed among creditors pro rata to their definitively admitted debts;
- annuity 2: €100,000 to be distributed among creditors pro rata to their definitively admitted debts;
- annuities 3 to 9: 5%;
- annuity 10: 65% (less the amounts paid for annuities 1 and 2).

Maître Abitbol and Maître Bourbouloux, the court-appointed administrators, reported to the Court on 30 January 2020 on the economic and social position of Rallye, Cobivia, HMB and Alpétrol. Their report included the draft safegaurd plans prepared by each debtor.

(1) These second-rank pledges over Casino shares may in no case infringe the rights of the creditors benefiting from a first-rank pledge over Casino shares. The second-rank pledges over Casino shares will not contain any margin call mechanism. The share pledge agreements provide for a coverage ratio of 130% of the outstanding amount. The margin call mechanisms have been suspended as from the initiation of the safeguard proceedings at the companies.

(2) Capping mechanisms apply in the event that the value of securities pledged to the benefit of a creditor exceeds a certain contractually-set ratio: where this is the case, the creditor must immediately repay the securities that exceed the ratio on first demand.

› Approval of plan assumptions

The draft plans provide for the payment in full of the liabilities of all companies concerned by the safeguard proceedings over a period of 10 years. They also provide for the payment of dividends for the duration of the plans.

The companies benefit from three categories of resources to repay their liabilities:

- dividends from Casino;
- the sale of their non-strategic assets; and
- different refinancing options, with the last refinancing deadline for the plan/outstanding debt being in 2030.

The review performed by the independent firm Accuracy confirmed that the companies' financials were compatible with the repayment profiles provided in the draft plans.

Rallye's draft plan already provides additional flexibility in that it anticipates the acceptance of a second-rank pledge over Casino shares, which would allow for financing to be arranged for the purpose of early repayment and/or repurchase, which would be proposed in the form of an amendment to the safeguard plan under the same terms and conditions to all holders of claims admitted to Rallye's liabilities and which are not secured by pledges over Casino shares. A maximum number of approximately 44 million Casino shares may be pledged under such second-rank pledges.

In the event of an adverse change in the assumptions used, or a failure by Rallye to meet its obligations, the Group may not be able to realise its assets or settle its liabilities in the ordinary course of its operations.

Results of the creditor consultation

As indicated in the press release dated 9 December 2019, the liabilities repayment proposals were sent to the creditors of the companies by the judicial representatives, in order to obtain their acceptance or refusal of the proposals.

The results of this consultation are set out below:

71% acceptance of the proposals (all creditors included) (representing €2,075 million), as follows:

- claims secured by pledges over Casino shares: 100% acceptance of the proposals by the relevant creditors (representing €1,153 million);
- claims secured by pledges over shares of Rallye subsidiaries (other than Casino): 100% acceptance of the proposals by the relevant creditors (representing €204 million);
- unsecured claims (in particular certain bilateral credit lines, bonds and commercial paper): 46% acceptance of the proposals by the relevant creditors (including bondholders, see Rallye press releases dated 16 January and 27 January 2020), representing €720 million.

Approval of the safeguard plans of Rallye, Foncière Euris, Finatis and Euris

In its decision dated 28 February 2020, the Paris Commercial Court approved the repayment undertakings included in the liabilities repayment proposals described in the press release dated 9 December 2019, and set the duration of the plans at ten years.

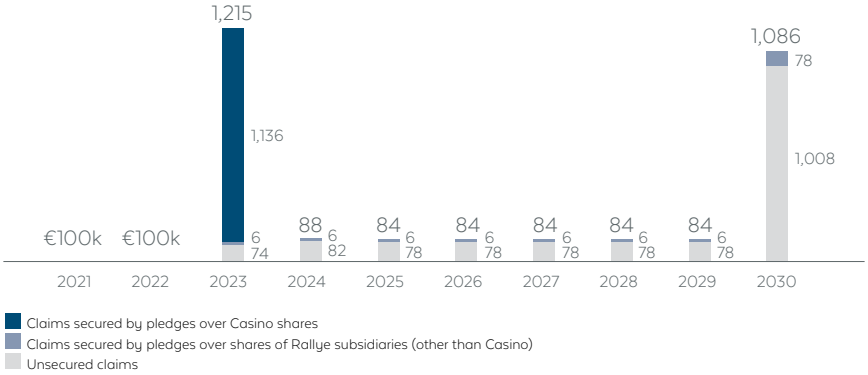
Concerning Rallye, the Court decided that, in accordance with Article L. 626-14 of the French Commercial Code, investments in Rallye SA assets could not be disposed of without the Court's approval for the duration of the plan, with the exception of certain shares held in Casino's capital to enable the implementation of the derivatives refinancing transactions (by principal or cash collateral), it being specified that this measure would not infringe on the second-rank pledge transactions, expressly provided for in Rallye's liability repayment proposals.

Additionally, the Paris Commercial Court appointed SCP Abitbol & Rousselet (Maitre Frédéric Abitbol) and SELAR FHB (Maitre Hélène Bourbouloux) as administrators overseeing the implementation of the plans.

The role of the administrators is essentially to oversee the successful implementation of the safeguard plans, centralise Rallye/Foncière Euris payments for their commitments under the safeguard plan, then their allocation between the creditors, it being specified that a portion of the plan payments will be directly paid to the creditors for share pledges, and write up an annual report on the Company's performance of its commitments, which will be available to all creditors.

Therefore, and taking into account securities pledges, the repayment profiles resulting from the undertakings are as follows[1]:

RALLYE REPAYMENT SCHEDULE
(€ millions)



Third party opposition

There was no third party opposition to the decisions at the date the financial statements were approved.

Casino

The comments in the Annual Financial Report reflect comparisons with 2018 results from continuing operations. The 2019 and 2018 consolidated financial statements are presented post-IFRS 16. For the majority of leases, IFRS 16 requires recognition of an asset (the right to use the leased item) and a financial liability (representing discounted future lease payments). Operating lease expense is replaced with depreciation on the right-of-use asset and interest expense relating to the lease liability. The Group elected to apply the "full retrospective" transition method, which led to the restatement of the 2018 financial statements, allowing them to be compared with the 2019 financial statements.

Via Varejo, which was sold on 14 June 2019, is presented as a discontinued operation in 2018 and from 1 January to 30 June 2019, in accordance with IFRS 5. In light of the decision made in 2019 to divest Leader Price, this business is presented as a discontinued operation in 2019, in accordance with IFRS 5. The 2018 financial statements have been restated to permit meaningful comparisons with 2019.

Organic changes are calculated based on a comparable scope of consolidation and at constant exchange rates, excluding fuel and calendar effects. Same-store changes exclude fuel and calendar effects.

For Casino Group, 2019 was marked by:

In France:

- **Acceleration of strategic repositioning to focus on buoyant formats** with the disposal of Leader Price, bringing the total proceeds from signed disposals under the disposal plan to €2.8 billion;
- **Gross sales under banner up 1.9% on a same-store basis;**
- **24% of the activity done through E-commerce in fourth-quarter 2019** versus 18% in 2018;
- **Retail trading margin up 0.5 points** to **3.8%**, with trading profit **up 12% to €622 million**[2];
- **Reduction in net debt to €2.3 billion** driven by the disposal plan, with recurring free cash flow (excluding the disposal and Rocade plans) of €367 million[3] (€576 million excluding non-recurring items);
- **Major milestone achieved in retail business modernisation**, with faster development of **automated checkout systems** (self-scanning via smartphone, self-service checkouts, autonomous stores) and growth in **home delivery services** (Ocado warehouse launched on a test basis on 22 March 2020).

(1) In nominal amounts, net of the proceeds and cash collateral at 23 May 2019. Where applicable, contractual interest and potential fees will continue to apply for the duration of the plan.
For claims secured by pledges over listed shares, the repayment profiles take into account existing securities pledges.
Such pledges allow the creditors to appropriate any proceeds in advance and may lead to faster repayment compared to the undertakings under the liabilities repayment proposals.
(2) Post-IFRS 16. Pre-IFRS 16, France retail trading profit improved by 5% and retail trading margin by 0.2 points.
(3) Free cash flow excluding the disposal plan and the Rocade plan, before dividends paid to owners of the parent and holders of TSSDI deeply-subordinated bonds, excluding financial expenses, including rental expense (repayments of lease liabilities and interest on leases). Pre-IFRS 16: €380 million.

In Latin America:

- **Simplified Group structure in Latin America**, with all businesses placed under the umbrella of the GPA subsidiary;
- **Assaí's excellent momentum confirmed**, with sales up 22% and margin up 20 basis points;
- **Success of Éxito's new formats** and margin up 20 basis points;
- **Digital transformation and strong growth in E-commerce**, up nearly 40%.

France Retail

(€ millions, post-IFRS 16)	2018 (restated)	**2019**
Net sales	16,786	**16,322**
EBITDA	1,413	**1,467**
EBITDA margin (%)	*8.4%*	***9.0%***
Trading profit	618	**676**
Trading margin (%)	*3.7%*	***4.1%***

France Retail net sales totalled €16,322 million in 2019 versus €16,786 million in 2018, up 0.3% on a same-store basis excluding fuel and calendar effects. Including Cdiscount, gross sales under banner were up 1.9% on a same-store basis in 2019.

France Retail trading profit came to €676 million, up 9.4% on 2018. Post-IFRS 16 retail trading profit came to €622 million, up 11.6%. Retail trading margin was 3.8%. Pre-IFRS 16 retail trading profit improved by 4.9% to €517 million. The effects of the Rocade plan and the cost-saving plans more than offset the €68 million increase in rental expenses related to the disposal of store properties. In France, the trading margin increased by 46 basis points to 4.1%.

Over the full year, the following can be noted per format:

- **Organic products** represented a 14% share of **Monoprix's** net sales in 2019. The **E-commerce** segment was particularly strong, buoyed by the success of the partnership with **Amazon Prime Now**, which was extended during the year to cover new towns and cities as well as Naturalia products. The banner accelerated the deployment of its autonomous stores which allow extended opening hours. The **Naturalia** format dedicated to organic products saw further growth.
- **Franprix** continued to roll out its **autonomous stores**, to develop its non-food offer – primarily through its partnership with **Hema** – and to strengthen its **organic** range and **catering services**, thereby increasing **customer traffic**. Franprix picked up 50 awards in 2019, both for its ongoing innovation across the board (concepts, products, HR initiatives) and for its partnerships.
- **Casino Supermarkets** saw double-digit growth in sales of **organic products**. The banner continued to develop its **autonomous stores** and its in-store digital solutions, including the highly successful **Casino Max** app. E-commerce continued to grow.
- **Convenience** continued to optimise its model, with an increasing number of stores operated on a **franchise** basis. The banner enhanced its own-brand and **organic** products, which posted double-digit growth over the year, while developing its **autonomous stores**.
- **Géant Hypermarkets** saw a positive annual trend led by **organic** products, **E-commerce**, the roll-out of "**shops-in-shops**", and digital initiatives such as **Casino Max**. The banner continues to deploy **autonomous stores**. A total of 13 stores operated by the Quattrucci family joined the franchise network in the year.

New businesses

› GreenYellow

GreenYellow accelerated the development of its photovoltaic business, resulting in a **threefold increase in its pipeline to 451MWp** at end-2019. **EBITDA** for the year came to **€76 million**.

GreenYellow has achieved **strong international expansion**, with projects in Asia, Latin America, Africa and the Indian Ocean region.

It continues to **diversify its customer portfolio** alongside public authorities (city of Saint Étienne), airports (Colombia, Mauritania, Reunion Island) and manufacturers (such as Schneider Electrics and STMicroElectronics). GreenYellow is also continuing its **innovation push**, with a floating solar power plant in Thailand and the development of a hybrid system[1] in Africa.

Casino Group's energy business has forged major **strategic partnerships**. The **Reservoir Sun** joint venture launched with Engie in October 2018 is the benchmark player in France's solar self-consumption market, with contracts for 100 MWp obtained over the year. GreenYellow also signed a new partnership agreement with Allego, which intends to deploy France's largest network of ultra-fast electric vehicle charging stations.

(1) Hybridisation: solar power generation with a battery-powered storage system.

› Data and Data Centers

The **Data and Data Centers division generated €67 million in cumulative net sales**, up 51% from 2018.

In the **Data** business, the two Casino Group entities, **3w.relevanC and Maxit, are being combined to form relevanC**, a key player in digital marketing. relevanC will provide brands and retailers with customer acquisition and retention solutions, based on targeting strategies and impact measurement, via two divisions:

- relevanC advertising (formerly 3w.relevanC): media and marketing solutions, enhanced by transactional data, insights and measurement, to meet all the multi-channel marketing challenges related to target shoppers; and
- relevanC retail tech (formerly Maxit): technological solutions enabling retailers to optimise the performance of their marketing campaigns by using their data to personalise the customer relationship.

Casino created **ScaleMax**, a major new **Data Centers** player. ScaleMax has diversified its portfolio of external customers (BNP, Natixis and McGuff) and and deployed 20,000 cores in one year in the first data warehouse.

E-commerce (Cdiscount)

(€ millions, post-IFRS 16)	2018 (restated)	**2019**
GMV (gross merchandise volume) as reported by Cnova	3,646	**3,899**
EBITDA	39	**69**
o/w Cdiscount group	*41*	***68***
o/w holding companies	*(2)*	***1***

E-commerce, gross merchandise volume (GMV) came to €3.9 billion, a year-on-year increase of 9.1%[1] on an organic basis.

The contribution of **mobile** solutions to GMV was 5.5 points higher, at 49.5%[1]. Cdiscount consolidated its status as the number two player in France in terms of **monthly unique visitors**, with around 20 million unique visitors a month[1].

The **international platform** continued to expand, with gross sales increasing by 85% year on year in fourth-quarter 2019[1].

E-commerce (Cdiscount) EBITDA margin improved by 153 basis points to reach EBITDA of €69 million (3.5% of net sales), an increase of €30 million driven primarily by the marketplace and by increased monetisation revenue in both B2B and B2C services.

Latam Retail

(€ millions, post-IFRS 16)	2018 (restated)	**2019**
Net sales	15,577	**16,358**
EBITDA	1,217	**1,104**
EBITDA margin	*7.8%*	***6.8%***
Trading profit	758	**612**
Trading margin	*4.9%*	***3.7%***

Latam Retail net sales were €16,358 million in 2019, up 9.7% on an organic basis and 4.0% on a same-store basis excluding fuel and calendar effects.

GPA sharpened its focus on its core business and simplified its structure during the year. **GPA** reported organic sales growth of 11.0% and same-store growth of 3.2%.

- **Assaí** (Cash & Carry) sales were up 21.9%[2], buoyed by the excellent results of the 22 stores opened in the year and store expansions in previous years, as well as by a good same-store performance. Retail space increased by 20%[2]. Assaí now represents over **51% of GPA's sales**, underlining the pertinence of its business model. Over the past five years, the company's net sales have tripled and it now has a market share of 28.5%[2], a rise of 750 basis points over the period.
- **Multivarejo continues to optimise its store portfolio**. 92 **Extra Super** stores, or 70% of the portfolio, were converted in the year, bringing the total to 100 **Mercado Extra** stores and 28 **CompreBem** stores. 20 **Pão de Açucar** stores were renovated this year, bringing the total number of new-generation stores to 46, representing 40%[2] of the banner's sales. In the **convenience** format, 10 new Minuto Pao de Açucar stores were opened and sales have now been on an uptrend for seven consecutive quarters. A new segmentation of the **Extra Hiper** store portfolio has been established, separating out high-performing stores from stores to be optimised in the portfolio. These stores may be ultimately converted to the Assaí format or may be sold.

GPA continued to pursue its **omnichannel strategy.** The **food E-commerce** format reported annual growth of 40%[2], led by expansion of express delivery and click & collect services. **James Delivery** is now up and running in 19 towns and cities.

Grupo Éxito net sales were up by 6.2% on an organic basis and by 6.0% on a same-store basis, buoyed by the success of the Éxito Wow, Carulla Fresh Market and Surtimayorista formats. **E-commerce** growth picked up pace in Colombia, at 37%[2].

Trading profit from Latin American operations, excluding tax credits and currency effects, remained virtually stable at €612 million. At GPA, Multivarejo's trading margin was impacted by investments in promotional campaigns, while Assaí's trading margin excluding tax credits inched up by approximately 0.2 points. At Grupo Éxito, trading margin improved by around 0.2 points, led by the success of new concepts and E-commerce. Trading profit from Latin American operations including tax credits and currency effects declined by 19.3% owing to the absence of tax credits in 2019 and a negative currency impact of almost 4%.

(1) Data published by the subsidiary.

Casino financial highlights

Casino Group's key consolidated figures for 2019 were as follows:

(€ millions, post-IFRS 16)	2018 (restated)	2019	Total change	Organic change
Consolidated net sales	34,329	**34,645**	+0.9%	+4.2%[1]
EBITDA[2]	2,669	**2,640**	-1.1%	+0.6%[3]
Trading profit	1,364	**1,292**	-5.3%	-3.1%[3]
Other operating income and expenses	(402)	**(719)**	-78.9%	
Net finance costs	(320)	**(356)**	-11.2%	
Income taxes	(188)	**(137)**	+27.1%	
Share of profit of equity-accounted investees	60	**46**	-24.2%	
Net income (loss) from continuing operations, Casino Group share	(60)	**(384)**	n.m.	
Net profit (loss) from discontinued operations, Casino Group share	(57)	**(1,048)**	n.m.	
Consolidated net profit (loss), Casino Group share	(117)	**(1,432)**	n.m.	
UNDERLYING NET PROFIT, CASINO GROUP SHARE[4]	**327**	**212**	**-35.4%**	**-34.9%**

(1) At constant exchange rates. Change in net sales is presented on an organic basis, excluding fuel and calendar effects.
(2) EBITDA = Trading profit + amortisation and depreciation expense.
(3) Based on a comparable scope of consolidation and constant exchange rates, excluding the effect of hyperinflation.
(4) Underlying net profit corresponds to net profit from continuing operations adjusted for the impact of other operating income and expenses and non-recurring financial items, as well as income tax expense/benefits related to these adjustments, and the application of IFRIC 23 rules.
NB: Figures are presented post-IFRS 16. Leader Price has been classified as a discontinued operation, in accordance with IFRS 5.

Consolidated net sales amounted to €34,645 million in 2019, versus €34,329 million in 2018, a total rise of 0.9%, organic growth of 4.2% and same-store growth of 2.2%. Changes in consolidation scope had a negative impact of 0.8%. The currency effect and hyperinflation had a negative impact of 1.9%.

Consolidated trading profit came to €1,292 million in 2019 versus €1,364 million in 2018, a change of -5.3% as reported and -3.1% at constant exchange rates.

Other operating income and expenses amounted to a net expense of €719 million in 2019 versus a net expense of €402 million in 2018. This item decreased for the combined Latam and Retail and E-commerce segments.

In France, other operating income and expenses represented a net expense of €619 million. The increase in non-recurring costs is mainly non-cash (€200 million) and is related to the disposal plan. Cash expenses under the Rocade plan (€95 million) were funded by disposals of the Group's loss-making stores. Excluding the Rocade Plan, restructuring costs fell sharply, down 50% on 2018 and 75% on 2016.

The net expense of €292 million in France in 2018 corresponded mainly to restructuring costs incurred to complete the major store transformation plans.

Net financial expense totalled €750 million in 2019 (€676 million in 2018), reflecting:

- net finance costs of €356 million versus €320 million in 2018;
- other net financial expenses of €394 million, compared with other net financial expenses of €356 million in 2018.

Underlying net financial expense for the period came to €716 million (€448 million excluding interest expense on lease liabilities) versus €629 million in 2018 (€411 million excluding interest expense on lease liabilities). In France, the underlying net financial expense excluding interest expense on lease liabilities is stable. The underlying net financial expense in E-commerce is stable versus 2018. In Latin America, net financial expense increased in line with the financing of GPA in the context of the takeover bid on Éxito.

Profit (loss) before tax was a loss of €176 million in 2019 (versus a profit of €286 million in 2018).

Profit (loss) from continuing operations, Casino Group share came to a loss of €384 million, compared with a loss of €60 million in 2018, reflecting an increase in non-recurring non-cash costs relating to the disposal plan.

Profit (loss) from discontinued operations, Casino Group share was a loss of €1,048 million, compared with a loss of €57 million in 2018, mainly due to goodwill impairment.

Consolidated net profit (loss), Casino Group share amounted to a loss of €1,432 million, versus a loss of €117 million in 2018.

Underlying net profit from continuing operations, Casino Group share totalled €212 million, compared with €327 million in 2018 mainly due to a decrease in trading profit in Brazil related to the absence of tax credits and a change in tax expense in France due to lower activations of tax loss carryforwards than in 2018 (notably Cdiscount) and the transformation of the CICE into a taxable social expense.

Financial position

Casino Group consolidated net debt stood at **€4.1 billion** at 31 December 2019 versus €3.4 billion at 31 December 2018. The increase in consolidated net debt reflects the net impact of the reorganisation in Latin America (repurchase of Éxito's share in GPA by Casino Group, GPA's takeover bid for Éxito), while **France net debt**[1] **decreased to €2.3 billion (versus €2.7 billion at end-2018)** and E-commerce debt was close to stable.

Cash flow statement for Casino's continuing operations *(€ millions, post-IFRS 16)*	2018 (restated)	2019
EBITDA	**2,669**	**2,640**
Non-recurring items	(257)	**(401)**
Other non-cash items	2	**(67)**
Cash flow from continuing operations	**2,414**	**2,172**
Change in working capital	(117)	**92**
Income taxes	(236)	**(259)**
Net cash from operating activities	**2,061**	**2,004**
Investments (gross capex)	*(1,188)*	***(1,107)***
Asset disposals	*1,230*	***890***
Net capex	43	**(218)**
FREE CASH FLOW[1]	**2,104**	**1,786**

(1) Before dividends paid to owners of the parent and holders of TSSDI deeply-subordinated bonds, before interest.

Casino Group's **free cash flow from continuing operations before dividends and financial expenses** amounted to €1,786 million this year. The change in working capital was €92 million in 2019 versus a negative €117 million in 2018.

Consolidated equity, Casino Group share totalled €4,767 million compared with €6,501 million at end-2018.

At 31 December 2019, Casino in France[2] had €4.0 billion in **liquidity**, composed of a **gross cash position** of **€1.7 billion** and **confirmed undrawn lines of credit** of **€2.3 billion**. Casino also had €193 million in an escrow account for the repayment of the bond that matured in early March 2020.

Other assets

Groupe GO Sport

As part of the ongoing disposal process, Groupe GO Sport is classified under IFRS 5 and is no longer recorded in the Group's 2019 consolidated net sales. In view of the ongoing disposal process, Rallye decided to depreciate its investment at 31 December 2019. This depreciation was accounted for as an impairment loss of €92.3 million on investments in subsidiaries and associates and €10.2 million on the current account with MFD (shareholder with a 30% stake in Groupe GO Sport, a wholly-owned subsidiary of Rallye) .

Investment portfolio

Rallye's investment portfolio was valued at €37 million at 31 December 2019 (versus €45 million at 31 December 2018).

At the end of 2019, the portfolio comprised financial investments with a market value[2] of €33 million (versus €38 million at end-2018) and property programmes measured at historical cost for €4 million (versus €7 million at end-2018).

(1) Casino Group's holding structure, including the French activities and the wholly-owned holding companies.
(2) The market value of financial investments corresponds to the carrying amount used in the consolidated financial statements (fair value in accordance with IAS 39) and is based on the most recent independent valuations available (as provided by the funds' General Partners), adjusted where applicable to reflect the latest known information.

Comments on the financial statements

Consolidated financial statements

Main changes in the scope of consolidation

- Various store disposals and acquisitions during 2018 and 2019 within Franprix-Leader Price
- Disposals and closures of loss-making stores during 2018 and 2019
- Completion of the disposal of Via Varejo on 14 June 2019
- Reclassification of Leader Price as a discontinued operation in Q4 2019
- Reclassification of Groupe GO Sport's non-current assets held for sale

Currency effects

Currency effects were unfavourable in 2019, with the Brazilian real losing an average 2.4% against the euro compared with 2018.

Results

Rallye reported **consolidated net sales** of €34.7 billion in 2019 versus €34.3 billion in 2018. A more detailed review of changes in net sales can be found in the business review for each operating subsidiary.

Recurring operating income totalled €1,276 million in 2019 versus €1,350 million in 2018. A more detailed review of changes in recurring operating income can be found for each operating subsidiary in the business review.

Other operating income and expenses amounted to a net expense of €749 million in 2019 versus a net expense of €401 million in 2018.

The **cost of net debt** totalled €476 million versus €441 million in 2018. Other financial income and expenses amounted to a net expense of €421 million in 2019 compared to a net expense of €381 million in 2018.

Earnings before tax were €370 million for the year compared to a loss of €125 million in 2018.

The **share of net income of equity-accounted investees** was €54 million versus €57 million in 2018.

Net loss from continuing operations, attributable to owners of the parent came in at €413 million versus a loss of €221 million in 2018.

Underlying net loss[1]**, Group share** increased to €61 million in 2019 from €12 million in 2018.

Financial structure

› Consolidated Group

Equity

Equity attributable to owners of the parent was a negative €213 million at 31 December 2019 compared with a positive €824 million at 31 December 2018. This decrease chiefly reflects:

- income and expenses directly recognised in shareholders' equity, Group share in the negative amount of €58 million;
- equity transactions for a negative €19 million;
- transactions in treasury shares, representing €25 million;
- changes in ownership interests without gain or loss of control of subsidiaries, representing a negative €26 million;
- changes in percentage interest resulting in the acquisition/loss of control for €2 million;
- dividends paid by Rallye for €53 million.

Leverage

At 31 December 2019, the ratio of consolidated EBITDA (recurring operating income adjusted for recurring operating depreciation and amortisation expense) to the cost of net debt was 5.5x.

Rallye's net debt was €7,055 million at 31 December 2019 compared with €6,351 million at 31 December 2018, broken down between the following entities:

- Casino Group: net debt of €4,055 million (€3,378 million at end-2018);
- Rallye holding company scope: net debt of €3,000 million (€2,899 million at end-2018).

The gearing ratio (consolidated net debt to equity) was 112% in 2019 compared with 64% in 2018, and can be analysed as follows:

(€ millions)	2018 (restated)	**2019**
Net debt	6,347	**7,055**
Total equity	9,864	**6,292**
Gearing ratio	64%	**112%**

(1) Underlying net income corresponds to net income from continuing operations adjusted for the impact of other operating income and expenses, non-recurring financial items, and non-recurring tax expense/benefit.

› Rallye holding company scope

The Rallye holding company scope is defined as Rallye plus its wholly-owned subsidiaries that act as holding companies and own Casino shares, Groupe GO Sport shares and the investment portfolio.

Borrowings and debt

The gross debt of the Rallye holding company scope stood at €3,195 million at 31 December 2019, and breaks down as follows:

Changes throughout the year and at the time the Company initiated safeguard proceedings:

(€ millions)	23 May 2019	31 December 2019
Unsecured claims	1,566	1,600
Claims secured by pledges over Casino shares	1,153	1,165
Claims secured by pledges over shares of Rallye subsidiaries (other than Casino)	204	207
Total – claims under the safeguard plans	**2,923**	**2,972**
Derivatives transactions (not covered by the safeguard plans)	231	223
Total – claims and gross debt	**3,155**	**3,195**
Consolidation entries		(2)
Cash and other financial assets		(193)
TOTAL – NET DEBT		**3,000**

The net debt of the Rallye holding company scope totalled €3,000 million at 31 December 2019, versus €2,899 million one year earlier. Changes in Rallye's net debt are detailed below:

(€ millions)	31 December 2018	31 December 2019
Net debt at 1 January	**2,877**	**2,899**
Finance costs	150	126
Holding costs	4	22
Dividends received from Casino	(177)	(88)
Dividends paid by Rallye	18	53
Other	28[1]	(12)[2]
NET DEBT AT 31 DECEMBER	**2,899**	**3,000**

(1) In 2018, mainly €30 million in share buybacks.
(2) In 2019, mainly €14 million in proceeds from the investment portfolio.

Debt for the year was up €101 million, mainly due to:

- Casino's decision to only pay an interim dividend for 2019;
- Rallye's payment of a dividend of €1 per share for 2018. In 2018, the Shareholders' Meeting approved the payment of a dividend of €1 per share for the 2017 financial year with the option of payment in shares. 65% of rights exercised;
- a decrease in financial expenses, which in 2018 included the redemption premium on the 2020 exchangeable bond.

Appendix 1: Alternative performance indicators

The definition of key non-GAAP indicators are available on Rallye's website (http://www.rallye.fr/en/investors/bonds), particularly underlying net income (see below).

Underlying net income corresponds to net income from continuing operations adjusted for the impact of (i) other operating income and expenses as defined in the "Significant accounting policies" section of the notes to the 2019 consolidated financial statements, (ii) non-recurring financial items, (iii) income tax expense/benefits related to these adjustments, and (iv) the application of IFRIC 23.

Non-recurring financial items include fair value adjustments to equity derivative instruments (for example total return swaps and forward instruments related to GPA shares) and the effects of discounting Brazilian tax liabilities.

Underlying net income is a measure of the Group's recurring profitability.

(€ millions)	2018	Restated	2018 underlying	2019	Restated	2019 underlying
Recurring operating income	**1,350**	**-**	**1,350**	**1,276**	**-**	**1,276**
Other operating income and expenses	(401)	402	0	**(749)**	**749**	**0**
Operating income	**948**	**402**	**1,350**	**527**	**749**	**1,277**
Cost of net debt	(441)	-	(441)	**(476)**	**-**	**(476)**
Other financial income and expenses[1]	(381)	54	(328)	**(421)**	**42**	**(379)**
Income tax expense[2]	(188)	(13)	(201)	**(137)**	**(116)**	**(253)**
Share of net income of equity-accounted investees	57	-	57	**54**	**-**	**54**
Net income (loss) from continuing operations	**(6)**	**443**	**437**	**(453)**	**675**	**222**
Attributable to non-controlling interests[3]	*215*	*234*	*449*	***(40)***	***323***	***283***
Attributable to owners of the parent	*(221)*	*209*	*(12)*	***(413)***	***352***	***(61)***

(1) Other financial income and expenses have been restated, primarily for the impact of discounting tax liabilities, as well as for changes in the fair value of total return swaps and forwards.
(2) Income tax has been restated for the tax impact of the restated items listed above.
(3) Non-controlling interests have been restated for the amounts relating to the restated items listed above.

Rallye parent company financial statements

Results

Rallye reported an operating loss of €78.9 million, compared with an operating loss of €32.7 million in 2018.

Rallye had a headcount of 20 at 31 December 2019.

Rallye reported a financial loss of €103.7 million, compared with financial income of €82.2 million in 2018.

In 2019, net financial income primarily includes the following:

Income

- dividends from Casino of €56.5 million;
- interest on current accounts comprising interest on advances under the centralised cash management system between the subsidiaries within the holding company scope for €31.7 million;
- miscellaneous financial income, including €25.4 million in income from Casino securities borrowed by Rallye from its subsidiaries Cobivia, HMB and Alpétrol;
- financial income on interest rate hedging instruments for €14.5 million, mainly the balancing payments received following the early unwinding of the instruments.

Expenses

- interest on debt for €89.3 million;
- miscellaneous financial expenses, mainly the repayment of income from borrowed Casino securities to Cobivia, HMB and Alpétrol for €25.4 million;
- depreciation, amortisation and provisions for €105 million, following the depreciation of Groupe GO Sport securities held by Rallye and Miramont Finance & Distribution.

Non-recurring expense amounted to €7.7 million.

Net loss for the year amounted to €190.3 million versus net income of €47.1 million in 2018.

Financial structure

At end-December 2019, shareholders' equity totalled €1,527.6 million versus €1,787.7 million at 31 December 2018, after taking into account the above-mentioned loss for the year.

Supplier and customer payment terms

The Group's supplier and customer payment terms comply with Article L. 441-6-1 of the French Commercial Code.

Unless otherwise stated in the terms of sale or in the event of disputes, the sums owed to suppliers or receivable from customers are paid within 30 days of receipt or transmission of the invoice.

	Invoices received and due but not yet settled at the year-end						Invoices issued and due but not yet settled at the year-end					
(€ thousands)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91+ days	Total (1 day or more)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91+ days	Total (1 day or more)
(A) Overdue invoices by period												
Number of invoices concerned	32					7	6					1
Total value excluding taxes of the invoices concerned	498	1	-	-	-	1	172	-	-	468	-	468
% of total value of invoices received/ issued (excluding taxes) for the year	3.12%	0.0%	0.0%	0.0%	0.0%	0.01%						
% of net sales (excluding taxes) for the year							0.5%	0.0%	0.0%	1.35%	0.0%	1.35%
(B) Invoices excluded from (A) because they are disputed or not recognised in the financial statements												
Number of invoices excluded	None.						None.					
Total value of the invoices excluded (excluding taxes)	None.						None.					
(C) Benchmark payment terms used – Articles L. 441-6 or L. 443-1 of the French Commercial Code												
Benchmark payment terms used to determine overdue invoices	Variable contractual terms						Contractual terms: 20 to 60 days from invoice date					

Allocation of the net loss

Rallye's income statement for the year ended 31 December 2019 shows a net loss of €190,258,899.74, and the Board of Directors proposes that it be allocated to "Retained earnings", which will subsequently have a debit balance of €152,897,412.81.

During its meeting on 24 July 2019, the Board of Directors approved the terms of a press release issued on 25 July 2019, which included in particular the proposal made by Rallye's Board of Directors to the Annual Shareholders' Meeting of 26 June 2020 to not pay a dividend for 2019.

On 26 March 2020, the Board of Directors decided not to pay a dividend for the 2019 financial year.

A table presenting net income for the past year and the four preceding years is presented on page 231 of this Universal Registration Document.

Dividend policy

The maximum dividend payouts for the last five years are as follows:

	31 Dec. 2015	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018	**31 Dec. 2019**
Net dividend *(€/share)*	1.83	1.40	1.00	1.00	-
Number of shares	48,778,526	48,831,113	52,064,824	53,738,266	**52,181,769**
Maximum payout *(€)*	89,264,703	68,363,558	52,064,824	53,738,266	-

Rallye's dividend policy takes account of its financial position and its projected financial needs. No guarantees can be made as to the amount of dividends that will be paid out in respect of a given year and the level paid will be related to the implementation of the Company's safeguard plan.

Dividends not claimed within five years from the payment date are time-barred and revert to the French public treasury in accordance with Articles L. 1126-1 and L. 1126-2 of the French General Code on the Property of Public Entities (*Code général de la propriété des personnes publiques*).

Incentive and profit-sharing contracts

Most of Rallye's subsidiaries have put in place incentive and profit-sharing contracts pursuant to the regulations in force. Rallye itself does not have such a scheme in view of its limited headcount.

Stock market information

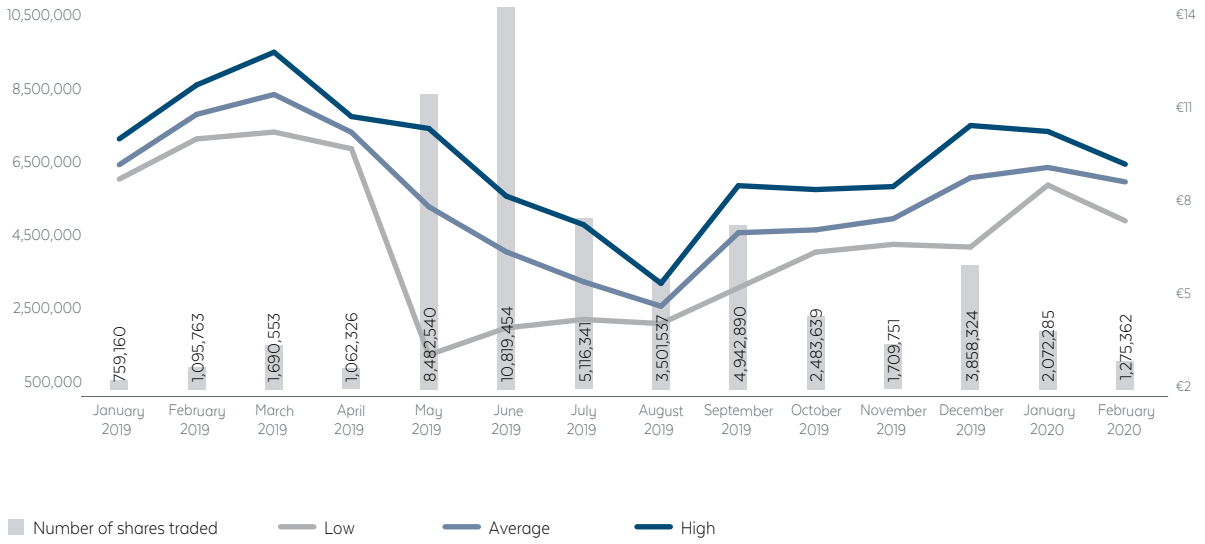
The Rallye share is listed for trading on Euronext Paris (compartment B).

ISIN code: FR0000060618.

High (6 March 2019)	€12.96
Low (24 May 2019)	€2.80
Share price at 31 December 2019	€10.12
Trading volume in 2019 (in shares)	45,522,278
Trading volume in 2019 (in value)	€300 million

At 31 December 2019, Rallye had a stock market capitalisation of €528 million.

RALLYE SHARE – MONTHLY SHARE PRICE TRENDS IN 2019 AND EARLY 2020



Recent trends and outlook (unaudited data)

Recent events

Casino

› Signing of an agreement between Casino Group and Aldi France for the sale of Leader Price stores and warehouses in mainland France for €735 million

On 20 March 2020, Casino announced that it had signed a unilateral purchase agreement with Aldi France to sell 567 Leader Price stores and three Leader Price warehouses in France for an enterprise value of €735 million (including an earn-out of €35 million contingent on the achievement of certain operating indicators during the transaction period). Under this agreement, the transferred Leader Price stores will develop under the Aldi banner. Casino retains ownership of the Leader Price brand and will continue to operate it under certain conditions agreed with Aldi, in France and internationally.

Rallye

On **28 February 2020,** the Paris Commercial Court approved the safeguard plans for Rallye and its subsidiaries Cobivia, HMB and Alpétrol, and for their parent companies, Foncière Euris, Finatis and Euris. Information about these procedures is provided in the "Business Report – Rallye" section.

On **2 March 2020,** Rallye and its subsidiaries HMB and Cobivia announced that they had entered into an agreement for a credit line with EP Investment S.à.r.l. (an entity controlled by Mr. Daniel Křetínský) for the purpose of refinancing their derivatives transactions.

On **26 March 2020,** Rallye's Board of Directors approved, in the context of the developments in the financial markets relating to the Coronavirus (Covid-19) epidemic, an agreement with Fimalac (a company controlled by Marc Ladreit de Lacharrière) in view of the refinancing of the derivatives transactions entered into by Rallye, Cobivia and HMB. Pursuant to this agreement, Fimalac has undertaken to provide a financing facility with a maturity of four years (with a one-year extension subject to Fimalac's agreement) either to a subsidiary of Euris until 31 December 2020, or to Rallye at the latest on 5 January 2021. The maximum amount of this facility is €215 million. In this unprecedented context, it cannot be excluded that the abovementioned coverage ratio may not be complied with, which could result in the loss for Rallye of 8.73% of Casino's share capital, and could affect the implementation of the safeguard plans approved by the Paris Commercial Court. Therefore, should the financial institutions party to the derivatives transactions exercise the share pledges and appropriate the Casino shares pledged to their benefit, Fimalac has undertaken to finance Par-Bel 2 (a wholly-owned subsidiary of Euris) so that Par-Bel 2 is able to offer liquidity to the relevant financial institutions that have appropriated Casino shares. In such case, the repurchased shares would be directly transferred to a fiduciary trust for the benefit of Fimalac as collateral to guarantee the financing facility granted to Par-Bel 2. In the event that the financing facility granted by Fimalac to Par-Bel 2 is not drawn down before 31 December 2020, Fimalac would grant a financing facility to Rallye, on first demand by Rallye and at the latest on 5 January 2021, under terms identical to those of the Par-Bel 2 facility in order to allow Rallye to repay its derivatives transactions. The drawdown of the facility remains subject to the execution of a fiduciary trust agreement. In light of the agreement with Fimalac, Rallye has cancelled the facility with EP Investment S.à.r.l. that was announced on 2 March 2020.

Outlook

Casino

First identified in the Asia-Pacific region, the Covid-19 epidemic has spread rapidly to the rest of the world during the first few months of 2020, prompting governments to take drastic health measures to control the spread of the virus (closure of schools, lockdowns, travel and mobility restrictions, closure of public places, etc.). These measures are having a huge economic impact in every country in which the Group operates. In this exceptional context, Casino Group is fully committed to securing the supply of populations, while ensuring the protection of employees and customers. The Group's strengths (convenience, E-commerce, automatic payment solutions) are being deployed to meet customers' needs in the safest possible manner. The Group will pursue the accelerated adaptation of its operating processes and the development of new offers responding to the current unprecedented situation.

Further to the release of its first-quarter 2020 net sales, Casino Group has provided the following updates on current trading:

- in the food banners, growth stood at 9% (12% excluding hypermarkets) over the last four weeks[1];
- Cdiscount has recorded a 40% increase in GMV since 1 April[2], of which 19% in direct sales and 69% in marketplace sales, raising the marketplace contribution to 50.7% of GMV. Apart from the initial stockpiling effect, this growth is attributable to a shift in food consumption towards home consumption, leading to additional demand for food retailers, more specifically towards convenience and urban store formats, as well as E-commerce.

Sales in the last four weeks[1] grew 24% on average at Franprix, Casino Supermarkets, and Convenience stores, which have seen a surge in new customers, and triple-figure growth in food E-commerce, especially in home delivery by Monoprix (Monoprix.fr and Amazon Prime Now). After a difficult start to the year for the market as a whole, Cdiscount has seen a major acceleration in its business since March, with GMV growth reaching 40%[2] for April, with an assortment adapted to customer demand in the non-food segment and the development of a new basic food offering. This growth has come with improved profitability, driven by the rise in the marketplace contribution to 50.7%[2] of GMV in April, and an increase in the margin on direct sales of 9.9 points[2], driven by an improved product mix.

In these extremely volatile circumstances, no significant factors have come to light that cast doubt on the objectives previously announced by the Group. However, out of prudence and in light of the uncertain macroeconomic and social impact of Covid-19 over the next year[3], the Group is no longer able to define specific objectives for 2020-2021, as explained in its full-year 2019 results press release.

The Group remains focused on all of the strategic priorities already communicated to the market in terms of cost savings, the management of investments and inventories, targeted expansion (convenience and premium formats, E-commerce, new businesses), and disposal plans.

In the context of the Covid-19 pandemic, Casino Group is more focused than ever on fulfilling its core mission of ensuring that all communities have uninterrupted food supplies while taking the necessary measures to protect the health of its employees and customers in all workplaces and areas open to the public. Information about Casino's business in the first quarter of 2020 is described in detail in Casino's Universal Registration Document.

Rallye

To the best of the Company's knowledge, at the time the financial statements were approved, there was no information that was likely to call into question the settlement of debts provided for under the safeguard plan.

(1) Data over the last four weeks, as at 20 April 2020, excluding Vindémia.
(2) Data since the beginning of April, as at 20 April 2020, based on placed orders.
(3) Note in particular the postponement of INSEE and Banque de France macroeconomic projections to June.

Share capital and share ownership

Share capital

Rallye's share capital at 31 December 2019 totalled €156,545,307, divided into 52,181,769 shares with a par value of €3 each. At the same date in 2018, the Group's share capital was €161,214,798, divided into 53,738,266 shares with a par value of €3 each.

The change reflects the creation of 145,621 new shares under a free share plan and the cancellation of 1,702,118 treasury shares.

Shareholding structure

At 31 December 2019, Foncière Euris held 58.38% of the share capital and 71.36% of the voting rights.

The following notifiable interests were disclosed in 2019:

Shareholder	Date threshold crossed	% change in interest disclosed	Number of shares concerned	Number of voting rights concerned	% of capital	% of voting rights
Crédit Agricole SA[1]	10 May 2019	7% increase in share capital	3,707,327	3,707,327	7.10%	4.59%

(1) The disclosures made by Crédit Agricole relate to technical changes in its shareholding resulting from specific transactions by Foncière Euris on CACIB derivatives.

To the Company's knowledge, no other shareholder held more than 5% of the capital or voting rights at 31 December 2019.

Share buyback programme

Transactions completed in 2019

› Liquidity agreement

On 10 June 2005, to encourage transaction liquidity and price stability for Rallye shares, the Company entrusted Rothschild et Cie Banque with the implementation of a liquidity agreement. The agreement complied with the Code of Conduct issued by the French Financial Markets Association (*Association française des marchés financiers* – AMAFI) and approved by the French securities regulator (AMF – *Autorité des marchés financiers*) in its decision dated 1 October 2008. To implement this agreement, the Company allocated 370,000 shares and €1.5 million to a liquidity account.

Additional cash contributions were made on 30 January 2008 (€5 million), on 25 September 2008 (€10 million), and on 28 September 2015 (€11.5 million), partial reversals were made on 26 June 2006 (€10 million) and on 5 October 2006 (€15 million) and an additional contribution of 370,000 shares was made on 3 May 2006.

Rallye signed a new liquidity agreement with Rothschild Martin Maurel, which came into effect on 1 January 2019, replacing the previous agreement signed on 10 June 2005. The new agreement takes into account the changes in regulations governing such agreements and complies with AMF decision 2018-01 dated 2 July 2018, applicable as of 1 January 2019. Rallye terminated the liquidity agreement with effect from 24 May 2019.

In 2019, a total of 140,802 shares were bought back and 83,802 were sold under the liquidity agreement at an average price of €10.41 and €10.96, respectively. When the agreement was terminated, the following resources were held in the liquidity account: 57,000 shares and €1.5 million.

Share buyback programme submitted to the Annual Shareholders' Meeting for approval

On 26 June 2020, the Shareholders' Meeting will be asked to renew the authorisation granted to the Board of Directors to buy back shares of the Company pursuant to Article L. 225-209 of the French Commercial Code, in order to:

- ensure the liquidity of and make a market for the Company's shares through an investment services provider acting independently in the name and on behalf of the Company, under the terms of a liquidity agreement that complies with a Code of Conduct recognised by the AMF;
- implement any shareholding or savings plan in accordance with Articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*), or any award of free shares made under Articles L. 225-197-1 *et seq.* of the French Commercial Code, or any other share-based compensation mechanism;
- deliver shares in connection with the exercise of rights attached to securities redeemable, convertible or exchangeable for shares or exercisable for shares upon presentation of a warrant or a debt security convertible or exchangeable for shares, or otherwise;
- cancel all or some of the shares in order to optimise earnings per share through a share capital reduction under the conditions provided for by law;

- hold shares for later use as payment or consideration in the context of or following any external growth transactions;
- implement any future market practice authorised by the AMF and, generally, carry out any transaction that complies with the applicable regulations.

The maximum purchase price is set at €30 per share.

This authorisation may be used to raise the number of shares held in treasury to no more than 10% of the share capital at 26 March 2020, i.e., 5,218,176 shares corresponding to a theoretical maximum investment of €156,545,280 calculated based on the maximum purchase price of €30 stipulated in the 21st resolution to be submitted to the vote at the Shareholders' Meeting of 26 June 2020.

These shares may be acquired, sold, transferred or exchanged by any method and, in particular, on regulated markets or over the counter, including via block trades. These methods include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of option-based strategies under the conditions authorised by the relevant financial markets' regulator, provided said methods do not cause a significant increase in the price volatility of the shares. Furthermore, the shares may also be placed on loan, pursuant to the provisions of Articles L. 211-22 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*).

The maximum number of shares that may be bought back under this authorisation may not exceed the abovementioned 10% limit.

This authorisation to buy back shares is given for a period that will expire at the Shareholders' Meeting called to approve the 2020 financial statements and management report, and no later than 26 December 2021.

In the event of a public tender offer for the shares or securities issued by the Company, the Company may only use this authorisation for the purpose of meeting securities delivery commitments, notably in the context of free share awards or strategic transactions initiated and announced prior to the launch of said public tender offer.

Authorised and unissued capital

To allow the Company to raise money on the financial markets, if necessary, in order to pursue its development and strengthen its financial position, the Shareholders' Meeting of 15 May 2019 granted certain powers to the Board of Directors. All the authorisations and delegations of authority given to the Board of Directors that could result in the issuance of securities carrying rights to shares are as follows:

Type of issue	Extraordinary Shareholders' Meeting	Period of validity	Expiry date	Maximum par values[1]
Delegation of authority to increase the share capital by capitalising reserves, profits, premiums or other sums eligible for capitalisation	15 May 2019	26 months	15 July 2021	€66 million
Delegation of authority to issue shares or securities carrying rights to new or existing shares of the Company or existing shares of any other company in which it directly or indirectly holds an equity interest, with pre-emptive subscription rights for existing shareholders[2]	15 May 2019	26 months	15 July 2021	€66 million[3] €1 billion[4][5]
Delegation of authority to issue shares or securities carrying rights to new or existing shares of the Company or existing shares of any other company in which it directly or indirectly holds an equity interest, without pre-emptive subscription rights for existing shareholders[2]	15 May 2019	26 months	15 July 2021	€15 million[3] €1 billion[4][5]
Delegation of authority to issue shares or securities carrying rights to new or existing shares of the Company or existing shares of any company in which the Company directly or indirectly holds an equity interest, without pre-emptive subscription rights for existing shareholders, via a private placement defined in Article L. 411-2-II of the French Monetary and Financial Code	15 May 2019	26 months	15 July 2021	€15 million[3] €1 billion[4][5]
Delegation of authority to issue securities carrying rights to shares in the event of a public tender offer initiated by Rallye for the securities of another publicly traded company, without pre-emptive subscription rights	15 May 2019	26 months	15 July 2021	€15 million[3] €1 billion[4][5]
Delegation of powers to issue shares or securities carrying rights to shares in order to compensate contributions in kind granted to the Company and composed of shares or securities carrying rights to shares	15 May 2019	26 months	15 July 2021	10% of the capital
Stock options awarded for new or existing shares to employees of the Company and employees and corporate officers of the companies or groups defined in Article L. 225-180 of the French Commercial Code	10 May 2017	38 months	10 July 2020	1% of the total number of outstanding shares at the time of the award
New or existing free shares awarded to employees of the Company, or to certain categories of employees or of economic interest groups related to the Company under the conditions stipulated in Article L. 225-197-2 of the French Commercial Code	23 May 2018	26 months	23 July 2020	1% of the total number of outstanding shares at the time of the award
Capital increase for employees who are members of a Company savings plan (PEE) of the Company or of its affiliated companies	15 May 2019	26 months	15 July 2021	1% of the total number of outstanding shares at the time of the issue

(1) Amounts authorised equal to residual amounts to the extent the authorisation is not used.
(2) The Board of Directors may increase the number of securities to be issued up to a maximum of 15% of the initial issues, at the same price as said issues.
(3) For issues of securities carrying rights to shares.
(4) For the loan.
(5) For debt securities.

None of the authorisations granted have been used, with the exception of those pertaining to the award of free shares. At its meeting on 15 May 2019, the Board of Directors awarded 263,896 free shares (see section "Securities carrying rights to shares" hereafter).

The Board of Directors is also authorised for a period of 26 months to reduce the share capital by cancelling shares held in treasury, within the limit of 10% of the share capital on the date of cancellation, for each 24-month period. The Board of Directors cancelled 57,000 shares under the terms of this authorisation.

The Shareholders' Meeting of 26 June 2020 will be asked to renew the expiring authorisation to award free shares. It will not renew the authorisations to grant stock options for new or existing shares.

Securities carrying rights to shares of the Company

As part of the Group's employee promotion and merit policy, Rallye awards free shares to its employees.

Pursuant to Article L. 225-197-2 of the French Commercial Code, as authorised by the Shareholders' Meeting, shares are also awarded to employees of the parent companies, Euris and Foncière Euris, and the Company's subsidiaries. These companies belong to the same Group and, in particular, provide assistance to Rallye by participating in consulting assignments on strategic and development issues.

Stock options

There were no stock option plans outstanding at 31 December 2019.

Free shares

The Extraordinary Shareholders' Meeting on 23 May 2018 authorised the Board of Directors to award free shares to Rallye employees and employees of related companies.

At 31 December 2019, there were 437,158 outstanding free shares relating to the following plans:

				Number of shares awarded		
Award date	Vesting date of free shares awarded	Date from which the vested shares can be sold	Initial number of beneficiaries	to employees who are also corporate officers	to the top ten employee beneficiaries	**Total number of shares awarded at 31 Dec. 2019[2]**
23 May 2018	23 May 2020[1]	23 May 2022	38	52,609	79,008	**191,466**
15 May 2019	15 May 2021[1]	15 May 2023	36	66,399	88,306	**245,692**

(1) All of the free shares will vest provided the beneficiary continues to be employed by the Group on the vesting date, and subject to two performance criteria: 50% linked to the EBITDA interest coverage ratio and 50% to the cost of net debt.
(2) This corresponds to the original number of shares awarded, less rights cancelled due to the departure of beneficiaries (49,681 rights were cancelled in 2019).

Potential capital at 29 February 2020

The potential capital at 29 February 2020 breaks down as follows:

Number of shares at 29 February 2020	52,181,769
Free shares to be issued	437,158
Number of potential shares	52,618,927

The maximum dilutive effect would amount to 0.8% for a shareholder holding 1% of the capital at 29 February 2020.

Change in capital over the past five years

Date	Change in capital	Movements: Number of shares	Movements: Capital (€)	Movements: Share premium (€)	New capital (€)	Total number of shares
2015	Exercise of options	17,076	51,228.00	400,261.44		
	Issuance of shares (free share award)	39,502	118,506.00	(118,506.00)		
31 Dec. 2015					**146,335,578.00**	**48,778,526**
2016	Cancellation of shares	(12,000)	(36,000.00)	(155,400.00)		
	Issuance of shares (free share award)	64,587	193,761.00	(193,761.00)		
31 Dec. 2016					**146,493,339.00**	**48,831,113**
2017	Payment of the interim dividend in shares	3,182,997	9,548,991.00	43,511,568.99		
	Issuance of shares (free share award)	50,714	152,142.00	(152,142.00)		
31 Dec. 2017					**156,194,472.00**	**52,064,824**
2018	Scrip dividends	3,058,947	9,176,841.00	24,043,323.42		
	Issuance of shares (free share award)	278,330	834,990.00	(834,990.00)		
	Cancellation of shares	(1,663,835)	(4,991,505.00)	(10,829,380.99)		
31 Dec. 2018					**161,214,798.00**	**53,738,266**
2019	Issuance of shares (free share award)	145,621	436,863.00	(436,863.00)		
	Cancellation of shares	(1,702,118)	(5,106,354.00)	(12,604,709.27)		
31 Dec. 2019					**156,545,307.00**	**52,181,769**
29 Feb. 2020					**156,545,307.00**	**52,181,769**

Breakdown of capital and voting rights

Amount of capital

- Amount of capital at 31 December 2019: €156,545,307.
- Amount of capital at 29 February 2020: €156,545,307.
- Number of shares held at 31 December 2019: 52,181,769 shares.
- Number of shares held at 29 February 2020: 52,181,769 shares.

The shares have a par value of €3, are paid up in full and are all of the same class.

Shareholders may choose to register their shares or carry them in bearer form, subject to applicable legal or regulatory provisions.

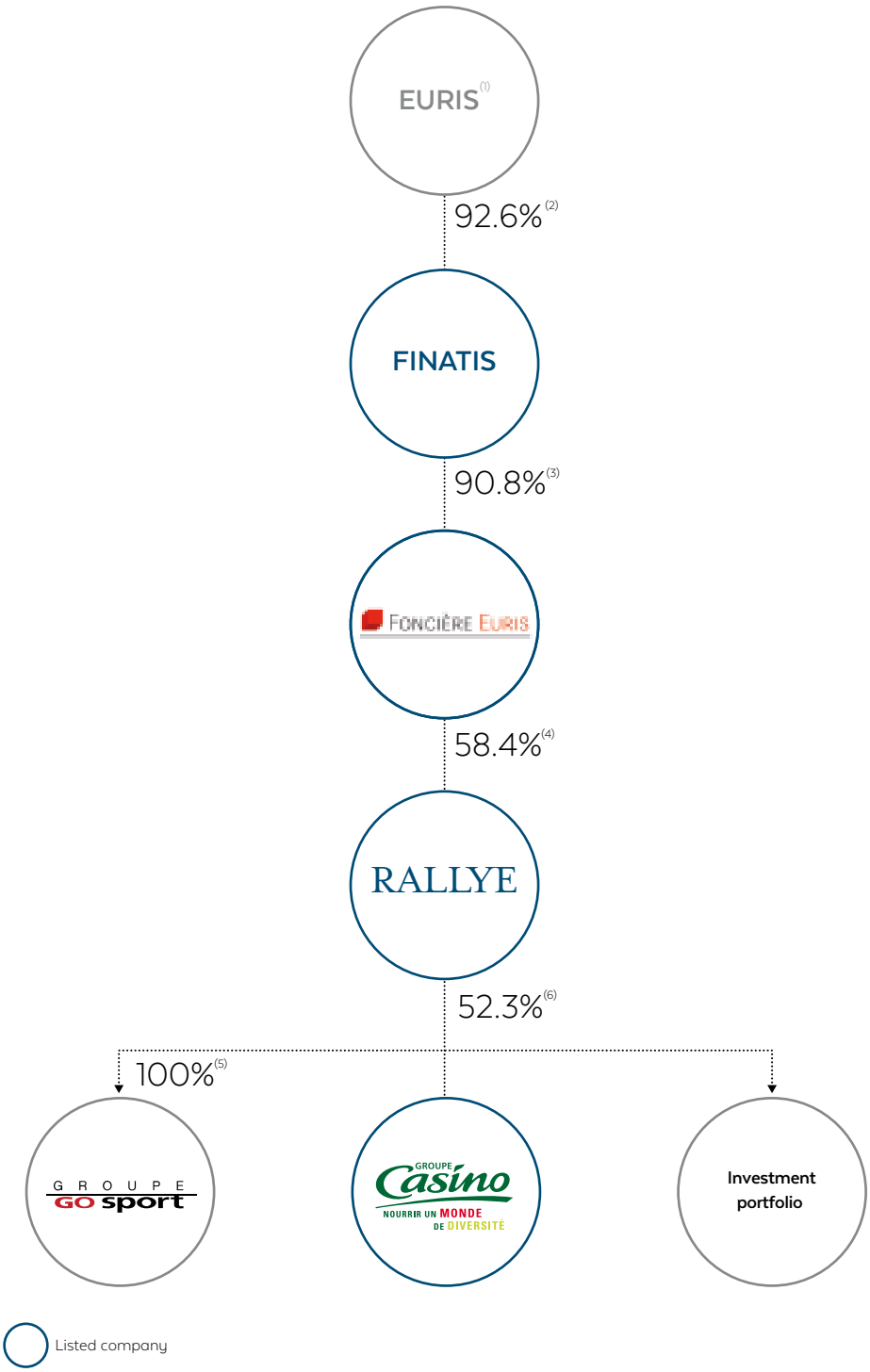
The Company keeps track of its shareholders, in compliance with applicable legislation.

The shares are freely negotiable, except as otherwise stipulated by law or regulations.

Double voting rights are granted on shares that have been held in registered form by the same person for over two years. As at 29 February 2020, a double voting right had been granted on 29,137,158 shares, and the total number of voting rights was 81,318,927 for 52,181,769 shares.

Group organisation chart at 29 February 2020

Rallye is directly and indirectly controlled by Euris. The organisation chart below shows the Company's position within the Group on 29 February 2020:



(1) Euris is controlled by Jean-Charles Naouri.
(2) 92.6% of theoretical voting rights.
(3) 90.8% of theoretical voting rights.
(4) 71.4% of theoretical voting rights.
(5) 100% of voting rights.
(6) 61.5% of theoretical voting rights.

The Rallye Group's current organisation reflects restructuring operations undertaken in 1992 and 1993, which included:

- the contribution of all the hypermarket, supermarket and cafeteria business lines to Casino Group;
- the consolidation of the parent companies Rallye SA and Coficam and of SMPO and Record Carburants via mergers. After these transactions, the acquiring company, Genty-Cathiard, changed its name to Rallye;
- a transfer of real estate by Foncière Euris and the public exchange offer for Casino shares initiated in September 1997;
- the merger of Courir into GO Sport to form the entity known as Groupe GO Sport, on 27 December 2000.

Changes in the breakdown of capital and voting rights over the last three years

Changes in the distribution of capital and voting rights are as follows over the last three years:

	31 Dec. 2019				31 Dec. 2018				31 Dec. 2017			
Shareholders	Number of shares	% of capital	% of voting rights that may be exercised at the Shareholders' Meeting[1]	% of theoretical voting rights[1]	Number of shares	% of capital	% of voting rights that may be exercised at the Shareholders' Meeting[1]	% of theoretical voting rights[1]	Number of shares	% of capital	% of voting rights that may be exercised at the Shareholders' Meeting[1]	% of theoretical voting rights[1]
Foncière Euris	**30,462,478**	**58.38%**	**71.36%**	**71.36%**	31,958,125	59.47%	73.13%	71.67%	29,263,517	56.21%	70.53%	70.08%
Treasury shares					1,645,118	3.06%		1.98%[2]	513,000	0.99%		0.63%[2]
Other shareholders	**21,719,291**	**41.62%**	**28.64%**	**28.64%**	20,135,023	37.47%	26.88%	26.35%	22,288,307	42.81%	29.47%	29.29%
TOTAL	**52,181,769**	**100.00%**	**100.00%**	**100.00%**	**53,738,266**	**100.00%**	**100.00%**	**100.00%**	**52,064,824**	**100.00%**	**100.00%**	**100.00%**

(1) The number of voting rights that may be exercised at the Shareholders' Meeting is not the same as the number of voting rights reported under France's disclosure threshold rules (theoretical voting rights). In fact, for the publication each month of the total number of voting rights and the number of shares making up the share capital, the total number of voting rights is calculated on the basis of all of the shares to which voting rights may potentially be attached, including shares without voting rights (treasury shares), in accordance with Article 223-11 of the AMF's General Regulations.
(2) Theoretical voting rights that will only become exercisable again if the underlying shares cease to be held as treasury shares.

The breakdown of share capital and voting rights at 29 February 2020 is as follows:

Shareholders	Shares	% capital	Voting rights	% voting rights
Foncière Euris	30,462,478	58.38%	58,045,599	71.38%
Other Euris Group companies	1,505	-	2,884	-
Other members of the Board of Directors	275,487	0.53%	442,112	0.54%
Sub-total	**30,739,470**	**58.92%**	**58,490,595**	**71.93%**
Other shareholders	21,442,299	41.09%	22,828,332	28.07%
- o/w shares in registered form	*1,854,397*	*3.55%*	*3,240,430*	*3.98%*
- o/w shares in bearer form	*19,587,902*	*37.54%*	*19,587,902*	*24.09%*
TOTAL	**52,181,769**	**100.00%**	**81,318,927**	**100.00%**

Pledged securities

Foncière Euris has arranged credit facilities whereby it pledges Rallye shares based on the amount of the facilities or the current drawdown level, as applicable. At 31 December 2019, a total of 26,747,876 Rallye shares held by Foncière Euris were pledged, accounting for 51.3% of Rallye's capital.

Shareholders' agreement and shares held in concert

To the Company's knowledge, there are no shareholders' agreements or persons or group of persons that exercise or could exercise control over the Company other than Foncière Euris.

Material agreements

In the last three years and at the date of this Universal Registration Document, the Group has not entered into any material agreements, other than those that are part of its normal course of business, which might create a significant obligation or commitment for the Group as a whole.

Off-balance sheet commitments are detailed in notes 3.4.2, 6.11, 7.2 and 7.5 to the consolidated financial statements.

Related-party transactions

Rallye has entered into a consulting and advisory agreement with Euris for strategic support.

Under the agreement, Euris draws on its resources and structures to provide Rallye with continuous support in determining its strategy, as well as in managing and developing its business.

No loans or guarantees have been granted or issued by the Company to or on behalf of any members of the Board of Directors who are individuals.

No corporate officers or members of their family own any of the assets required for operations.

Information on related-party transactions is provided in note 15 to the consolidated financial statements.

Summary of transactions in Rallye shares carried out during the year by Directors and related parties[1]

In accordance with Article 223-26 of the AMF's General Regulations, the table below shows transactions in Rallye shares carried out by Directors or related parties in 2019.

Shareholder	Financial instrument	Date	Type of transaction	Amount (€)	Number
Jacques Dumas[1]	Shares	3 April 2019	Purchase[2]	0.00	3,309
Finatis[1]	Bond	20 March 2019	Purchase	89,206.00	1
Foncière Euris[1]	Shares	31 January 2019	Share-backed financing	9.8350	3,558,719
	Shares	1 February 2019	Pledge	9.8350	4,550,000
	Shares	20 May 2019	Purchase	8.1684	38,000
	Shares	21 May 2019	Purchase	8.1844	16,902
	Shares	22 May 2019	Purchase	7.6727	129,847
	Shares	5 July 2019	Pledge	6.65	1,680,396
Virginie Grin[3]	Shares	3 April 2019	Purchase[2]	0.00	8,757
Didier Lévêque[4]	Shares	3 April 2019	Purchase[2]	0.00	12,487
Odile Muracciole[5]	Shares	3 April 2019	Purchase[2]	0.00	11,442

(1) Director.
(2) Free share awards under the 3 April 2017 plan.
(3) Permanent representative of Finatis.
(4) Permanent representative of Foncière Euris, Director.
(5) Permanent representative of Euris, Director.

Declarations of the above share transactions have been posted online on the AMF's website.

To the Company's knowledge, no other corporate officer traded in Company shares in 2019.

(1) Related parties as defined in Article R. 621-43-1 of the French Monetary and Financial Code (Code monétaire et financier).

Free shares

The free share plans currently in effect for Rallye employees and employees of related companies are as follows:

Meeting date	Extraordinary Shareholders' Meeting of 23 May 2018	Extraordinary Shareholders' Meeting of 23 May 2018	Total
Date of Board meeting	23 May 2018	15 May 2019	
Type of plan	Free shares	Free shares	
Initial number of beneficiaries	38	36	
Total number of shares initially awarded	**222,943**	**263,896**	**486,839**
o/w total number of shares awarded to corporate officers	52,609	66,399	**119,008**
o/w total number of shares awarded to top ten employee beneficiaries	79,008	88,306	**167,314**
Plan expires on	23 May 2020	15 May 2021	
Rights cancelled at 29 February 2020[1]	**31,477**	**18,204**	**49,681**
o/w since 1 January 2019	31,477	18,204	**49,681**
RESIDUAL NUMBER OF SHARES THAT MAY VEST AT 29 FEBRUARY 2020	**191,466**	**245,692**	**437,158**

(1) Following the departure of beneficiaries.

Investment strategy

Rallye's investment portfolio is discussed on page 22 of the management report.

Investments made by operating subsidiaries over the past two years break down as follows:

(€ millions)	2019	2018 (restated)
Casino	**1,107**	1,188
Other	**-**	21
TOTAL	**1,107**	**1,209**

Investments by operating companies are detailed in the "Business review" section of the management report. For more information about Casino Group's strategy, please refer to its Universal Registration Document.

Internal control and risk management procedures implemented by Rallye

1. Internal control and risk management environment and organisation

Accounting standards

The Group's internal control and risk management system is in line with the legal framework applicable to companies listed on Euronext Paris and is based on the internal control and risk management system framework published by the *Autorité des marchés financiers* in 2010 (the "AMF Framework").

The AMF Framework is not only based on legal and regulatory provisions, but also best practices and international internal control and risk management standards, such as the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework.

Scope of application

The internal control and risk management system covers all companies falling within the scope of consolidation as defined in Article L. 233-1 of the French Commercial Code.

Parties involved

The internal control and risk management system is part of the general policy framework set out by the Board of Directors. Managing these systems and continually improving them depends on the work of stakeholders across the entire chain of responsibility, from Executive Management to all employees, as well as supervisory and assessment bodies such as the Board of Directors, the Audit Committee and the Statutory Auditors.

› Executive Management – Administration and Finance department

Executive Management defines the general internal control and risk management principles and ensures their proper implementation in order to achieve the required level of internal control.

Rallye's Administration and Finance department, which reports to Executive Management, supervises all the Company's staff departments. Its main responsibility is to assist and monitor line staff in their administrative, financial and legal activities. To do so, it sets mandatory operating rules for all entities, and defines and deploys tools, procedures and best practices.

› Board of Directors

The competence and responsibility of its members and the clarity and transparency of its decisions all contribute to the general control environment. The Board is regularly kept abreast of key internal control and risk management methodologies on which it reports in its business report.

Pursuant to the law and the Company's articles of association and Internal Rules, the Board of Directors and its Audit Committee are responsible for internal control and risk management through the opinions and recommendations that they express to Executive Management and through the analyses and investigations which they perform or commission.

The responsibilities of the Board of Directors are detailed in Chapter 2 of this Universal Registration Document, page 76.

› Audit Committee

The Audit Committee of Rallye's Board of Directors has thee members, two of whom are independent Directors, and is in charge, under the responsibility of the Board to which it regularly reports, of monitoring:

- the process of preparing financial information;
- the effectiveness of internal control and risk management systems;
- the statutory audit of the parent company financial statements and, if applicable, the consolidated financial statements by the Statutory Auditors;
- the independence of the Statutory Auditors.

The role and duties of the Audit Committee are described on page 78. Its duties are compliant with Article L. 823-19 of the French Commercial Code.

› Safeguard Proceedings Monitoring Committee

The safeguard proceedings do not have any legal bearing on the governance structure, with the corporate bodies retaining their respective responsibilities and powers. Nevertheless, the proceedings have created a new context that may raise certain questions, and one in which the Board of Directors may wish to be regularly informed of any developments in the safeguard proceedings and plans, and able to identify and manage potential conflicts of interest on the Board.

Accordingly, setting up an ad hoc committee to notably address any specific questions raised by the safeguard proceedings was deemed appropriate so as to ensure that the Board of Directors:

- is regularly informed of the status of the safeguard proceedings and preparation of the plans;
- is able to identify and manage potential conflicts of interest on the Board.

At its meeting on 25 June 2019, the Board of Directors therefore set up an ad hoc committee, the Safeguard Proceedings Monitoring Committee. The Committee, with three-quarters of its members being independent Directors including its Chair, is responsible for dealing with issues arising from the safeguard proceedings, and in particular for:

- monitoring safeguard proceedings and more specifically the preparation of the plans;
- addressing any conflicts of interest within the Board (presence of different non-controlling interests in each of the listed companies concerned);
- informing the Board of Directors of the status of the proceedings;
- preparing any resolutions regarding the proceedings to be submitted to the Board of Directors.

The Committee is assisted by a legal advisor who is primarily responsible for clarifying all matters relating to the safeguard proceedings and Rallye's position, and who may also directly seek assistance from and exchange information with the Company's legal advisors. The legal advisor to the Committee may not however play a direct role in the proceedings or engage with the bodies involved in the proceedings, management and administrative bodies or the Company's financial advisers.

› External parties – Statutory Auditors

Statutory Auditors contribute to strengthening the internal control and risk management system through their work and recommendations.

They review the internal control systems for account auditing purposes, identifying their strengths and weaknesses, assessing their material misstatement risk, and making any necessary recommendations. Under no circumstances do the Statutory Auditors stand in for the Company in the implementation of the internal control system.

The duties of the Statutory Auditors are to certify the accuracy, fairness and true presentation of the Group's parent company and consolidated financial statements on a yearly basis and to issue a review report on the Group's interim consolidated financial statements.

Audit engagements are assigned between two regular Statutory Auditors: Ernst & Young and KPMG.

The key matters covered by the Statutory Auditors are as follows:

- identification of risk areas and testing using sampling techniques to verify the accuracy, fairness and true presentation of the financial statements' observations as regards parent company or consolidated materiality thresholds;
- approval of key accounting treatments and options for the year;
- implementation of accounting standards set out by Rallye for its businesses;
- preparation of an audit report for each company prior to the certification of Rallye's consolidated financial statements containing any observations regarding internal control;
- presentation of a general overview of the Rallye Group to be submitted to Rallye's management and Audit Committee;
- preparation of the Statutory Auditors' reports for the attention of Rallye shareholders. These reports are included in this Universal Registration Document, and are found on pages 96 to 102, and 202 to 205.

Disseminating information internally

The Group ensures that the relevant information is properly disseminated and provided to those concerned so that they can fulfil their responsibilities, in compliance with Group standards.

With the objective of providing reliable financial information and communication, Rallye strives to ensure that the entire organisation respects certain guidelines when performing its duties: the consolidation and accounting procedures manual, the general chart of accounts, the code of conduct described in the Board of Directors' Internal Rules, the Audit Committee charter and the Appointments and Compensation Committee charter.

At operating subsidiary level

Each Rallye subsidiary has its own internal audit and risk management department charged with ensuring the effectiveness of internal controls and procedures in order to obtain reasonable assurance that the subsidiary's own risks are adequately managed.

The Group monitors the quality of the information supplied by its subsidiaries, notably during the course of the meetings of its various Audit and Appointments and Compensation committees.

Control is also achieved thanks to the familiarity of Rallye's Central Audit department with the various information systems, as well as by holding monthly meetings and preparing weekly and monthly reports.

The Company's Legal department performs any specific investigations or examinations that it deems necessary to prevent and detect any legal irregularity or anomaly in Group management. Executive Management and the Administration and Finance department regularly communicate regarding the status of the main disputes that may affect the subsidiaries and the risks incurred.

2. General internal control principles

Definition and objectives of internal control procedures

Within the Group, the internal control system is defined and implemented under the responsibility of Executive Management and monitored by the Board of Directors. It includes the guiding principles and values for employee behaviour and ethics, ensuring a greater degree of control over activities, improved operational efficiency and the more efficient use of resources. It also helps to ensure that the material risks that may prevent the Group from achieving its objectives are dealt with appropriately.

The AMF Framework states that internal control aims to provide reasonable assurance concerning:

- compliance with laws and regulations;
- compliance with Executive Management instructions and guidelines;
- efficient execution of processes, particularly for the safeguarding of assets;
- the reliability of financial information.

Internal control limits

As underlined by the AMF Framework, no matter how well-designed or well-applied, no internal control system can provide absolute assurance that the Group will achieve its objectives. All internal control systems have inherent limitations, due notably to uncertain external events, the exercise of human judgement and the breakdowns that can occur because of human failures such as simple errors.

3. General risk management principles

Definition and objectives of risk management

According to the definition provided by the AMF, risk represents the possibility of an event occurring that could affect a company's personnel, assets, environment, objectives or reputation. Risk management extends far beyond the scope of financial risks alone. It is an important management tool which helps to:

- create and preserve the Group's value, assets and reputation;
- secure decision-making processes and the processes that help the Group meet its objectives;
- ensure that the Group's actions are consistent with its values;
- promote a shared vision of the main risks among all employees.

Risk management process

The risk management process involves three steps:

- identification of the risks to which the Company is exposed when conducting its business activities: in this first stage, the main risks are identified and centralised;
- risk analysis: this stage consists in assessing the potential consequences of the main risks identified (consequences can be financial, human or legal or can compromise a company's reputation) along with their impact and probability and the extent to which they can be managed;
- risk treatment: this final stage involves the implementation of the systems and resources best suited to controlling the risks.

The risk management system is monitored and regularly reviewed by the Company's key managers.

4. Control environment

The internal control and risk management systems are two complimentary systems of Rallye's control environment that are used to contain risk:

- the internal control system draws upon the risk management system in identifying the main risks to be controlled;
- the risk management system aims to identify and analyse the main risks.

The Audit Committee is responsible for ensuring that internal control and risk management systems, as well as any internal audits as applicable, are effective, and for managing any information or events that could have a significant impact on Rallye or its subsidiaries in terms of commitments and/or risks. The Committee ensures that the Company and its subsidiaries have the necessary internal audit, accounting and legal departments to prevent any risks and anomalies in the management of the Group's business.

In light of this and the ongoing safeguard proceedings, on 25 June 2019 the Board of Directors decided to implement a specific governance framework and set up an ad hoc committee, the Safeguard Proceedings Monitoring Committee. The Committee, with three-quarters of its members being independent Directors including its Chair, is responsible for dealing with issues pertaining to the safeguard proceedings.

Based on the rules of conduct and integrity upheld by Management and disseminated among all employees, the control environment seeks to promote an environment of risk control in which the organisation and the management of new projects can be adapted in line with the Group's strategic priorities.

5. Internal control procedures for preparing accounting and financial information

The internal control system over financial and accounting information aims to provide reasonable assurance regarding:

- the compliance of published accounting and financial information with the applicable standards;
- the application of Executive Management instructions and guidelines concerning accounting and financial information;
- the reliability of information circulated and used internally for management or control purposes insofar as it is used in the preparation of published accounting and financial information;
- the reliability of the published financial statements and the other information disclosed to the markets;
- the protection of assets;
- the prevention and detection of fraud and accounting and financial irregularities wherever possible.

Accounting and Financial organisation

› Administration and Finance department

The heads of the Administration and Finance department ensure that the accounting and finance functions are effectively managed, under the supervision of Executive Management, in the following areas: accounting, consolidation, management, financial services and cash management.

The processing and centralising of cash flows and the hedging of currency and interest rate risks is the responsibility of the Finance department, which identifies the commitments and facilitates their recognition in the accounts.

› Accounting standards

The Group has compiled accounting rules and principles that must be applied by all consolidated subsidiaries to ensure the delivery of consistent and reliable financial reports. These accounting rules are regularly updated to reflect changes in accounting regulations and reporting standards. Accounting standards define the principles to be used to process operations consistently. They clarify, in particular, the terms for recording balance sheet items, as well as identifying and measuring off-balance sheet commitments. They are compliant with IFRS, the reporting standards used for consolidated financial statements. The Group's team charged with producing and processing financial and accounting information constantly gathers information on new accounting standards under preparation in order to inform Executive Management and anticipate their impacts on the Group's financial statements. The chart of accounts provides the definitions and procedures for drafting the reports required for the preparation of the financial statements.

› Key performance indicators

A monthly system for reporting the various key performance indicators is used to continuously and consistently track changes in the performance of each subsidiary and to ensure that they are in line with the objectives set.

› Audit Committee

The role and duties of the Audit Committee are described on page 78. Its duties are compliant with Article L. 823-19 of the French Commercial Code.

Preparation of financial and accounting reporting

› Accounts closing and consolidation

The Group's Administration and Finance department is responsible for preparing the financial statements. These can be a source of financial risk, particularly as regards the accounting records, the consolidation process, and the recognition of off-balance sheet commitments.

The risks regarding the preparation of financial and accounting information are managed by monitoring regulatory texts, anticipating any problems, communicating with the Statutory Auditors and applying an appropriate timetable.

The accounts closing process is covered by specific instructions and an appropriate information feedback system that allows the processing of coherent, exhaustive and reliable information based on a consistent methodology and within the appropriate deadlines based on the schedule defined by the Board of Directors and its Special Committees.

For drawing up the consolidated financial statements, validation procedures are applied at each information reporting and processing stage. These procedures are designed to specifically check the correct adjustment and elimination of internal transactions, the verification of consolidation operations, the correct application of accounting standards, and the quality and consistency of consolidated and published financial and accounting information.

The consolidation of financial statements is conducted centrally every six months by the consolidation team on the basis of information provided by the subsidiaries. The team performs an overall review of the Group's financial statements, and prepares a file that includes all the restatements and eliminations made, and documents the checks performed, thereby ensuring traceability.

In addition, the consolidation team is also responsible for updating consolidation procedures, integrating subsidiaries within the scope of consolidation, processing information and maintaining the consolidation tools.

There is continual communication with Statutory Auditors to ensure the quality of financial information and compliance with the applicable standards in complex situations that are open to interpretation.

› Statutory Auditors

As required by law, the Group has two Statutory Auditors. Their procedures include verifying that the annual financial statements are prepared in accordance with generally accepted accounting principles and give a true and fair view of the results of operations for the year and the financial position and net assets at the year-end.

The persons responsible for preparing and processing financial and accounting information liaise with the external auditors. The Group's Statutory Auditors are appointed according to a process initiated and overseen by the Audit Committee, in accordance with Afep-Medef Code recommendations and the new European regulations (Regulation [EU] No. 537/2014 and Directive [EU] No. 2014/56/EU) applicable since 17 June 2016.

All the financial and accounting information prepared by the significant consolidated subsidiaries is subject, as a minimum, to a review for the interim position and to an audit for the annual accounts closing, by the external auditors. The General Manager issues a letter of representation to personally attest to the accuracy, reliability and completeness of the financial disclosures.

After jointly reviewing all the financial statements and the methods used to prepare them, the Statutory Auditors certify the Group's consolidated financial statements. They certify the accuracy, fairness and true presentation of the Company's consolidated and parent company financial statements in a report to the shareholders of the Group. They are informed in advance of the accounts preparation process and present a summary of their work to the heads of the Group's accounting and finance units and to the Audit Committee for the interim position and the annual closing.

IT system security

The IT systems managers ensure that IT solutions are implemented in line with ongoing operations. Functions effecting internal control, such as task segregation and access rights, are taken into account when new IT systems are installed and reviewed on a regular basis.

In order to ensure the effectiveness of internal control procedures, as well as the security and integrity of all data and data processing in the face of a possible major incident, whether accidental or due to a cyberattack, the entire system is secured by a system providing authorisation and protected access to the network, data backup procedures and physical protection of the data centre.

Financial Communications

The goal of Financial Communications is to ensure that information is disseminated on a permanent and periodic basis, and that a clear and consistent message is conveyed, in accordance with the principle of equal access to information for all shareholders. Financial Communications addresses a diverse audience, primarily comprising institutional investors, private individuals and employees. Executive Management and the Finance department act as the contacts for analysts and institutional investors.

The Board of Directors reviews all information and press releases about the Group's results or financial and strategic transactions, and may make comments and proposals. The Audit Committee reviews information on the annual and interim financial statements prior to release. Results news releases are submitted to the Statutory Auditors for review and comment.

Financial information is disseminated by all means (periodicals, press releases) and across all media (press, Internet, direct telephone calls, one-on-one meetings, etc.).

The financial communications managers are also involved in checking and setting the publication dates for the financial information prepared by Rallye's listed subsidiaries and thereby ensure consistency between the various media used by Rallye.

Measures regarding the prevention of insider trading are included in the stock market code of conduct (*Code de déontologie boursière*) published in 2017, which is given to every employee. This code is also available on the Company's website (in French only) (http://www.rallye.fr/en).

Finance department

The Finance department, which reports to the Group Finance department, ensures that financial risks including liquidity, interest rate, foreign exchange rate and counterparty risks are managed, and coordinates the Group's cash management. The department is responsible for optimised balance sheet and debt management, the financing strategy, the control of financial expenses, and the improvement of the financial structure.

Tax

The head of tax, who works in the Administration and Finance department, coordinates the Group's tax policy, and advises and assists the businesses with regard to any issues related to tax law and the preparation of tax returns by ensuring compliance with applicable tax regulations and legislation.

Financial control

The head of financial control, who also works within the Administration and Finance department, coordinates the budget process and its revised estimates established during the year, together with the three-year strategic plan. He/she helps prepare accounting and financial information by drafting monthly management reports, as well as all the analyses required by Executive Management. He/she also monitors investments and cash flows, as well as the management indicators specific to the business of the Company and its subsidiaries.

6. Risk management

Risk classification

Risk identification and management is an integral part of the Group's operational and strategic management. This section presents the main risk factors that the Group faces, based on their potential impact and likelihood of occurrence. It also takes into account the Covid-19 pandemic, which at the time of publication is deemed one of these risk factors. It reflects the Group's assessment of the net risk, i.e., taking into account internal controls put in place to mitigate the impact and/or likelihood of occurrence of the risk in question.

The Group's risk inventory is divided into three categories:

- risks specific to Rallye's holding activity: financial risks (three key risks);
- operational risks specific to Rallye's majority stake in Casino Group (five key risks – for an exhaustive presentation of operational risks, see Casino Group's Universal Registration Document);
- legal risks (two key risks).

Pursuant to Article L. 225-102-1 of the French Commercial Code, management of non-financial risks is detailed in the Non-Financial Information Statement of the parent company, Finatis, which was the subject of a report on the consolidated non-financial information statement by an independent verifier.

The legend used in the tables is shown below:

Impact	**** High	**** Significant	** Average	* Low
Likelihood	@@@@ Very likely	@@@ Likely	@@ Fairly likely	@ Unlikely

Category	Sub-categories	Impact	Likelihood
Category 1: risks specific to Rallye's holding activity: financial risks	– Liquidity risk relating to the consequences of the safeguard plans	***	@@@@
	– Market risks	**	@@
	– Covid-19 specific risk	**	@
Category 2: operational risks specific to Rallye's majority stake in Casino Group: strategic and operational risks	– Information systems and cybersecurity risks	****	@@@@
	– Business disruption/interruption risks	***	@@@
	– Economic risks	**	@@@
	– Competitive environment	**	@@@@
	– Consumer expectations	**	@@
Category 3: legal risks	– Risks relating to applications filed to contest the decisions to approve the safeguard plans	***	@
	– Legal and regulatory compliance risks	***	@@@

Risk factors are organised in three main categories. The most significant risks arising from the analysis combining materiality and likelihood of occurrence are given first in each of the three categories.

Risks related to Rallye's holding activity: financial risks

The Group's main financial risks are liquidity risks relating to the safeguard proceedings, market risks (interest rate and foreign exchange risk) and counterparty risk. Financial risk monitoring and management is the responsibility of the Corporate Finance department, which is part of the Group Finance department. This team manages all financial exposures in coordination with the finance departments of the Group's main subsidiaries and reports to Senior Management. It has issued a Good Financial Practice Guide governing all financing, investment and hedging transactions carried out by Group entities.

These risks, as well as the tools used to manage them, are described in further detail in note 12.5 "Financial risk management objectives and policies" to the 2019 consolidated financial statements.

In the financial risks category, the Group considers that its greatest exposure is to the liquidity risk relating to the safeguard plans given the potential severity of the consequences.

› Liquidity risk relating to the consequences of the safeguard plans

Impact: *** / **Likelihood**: @@@@

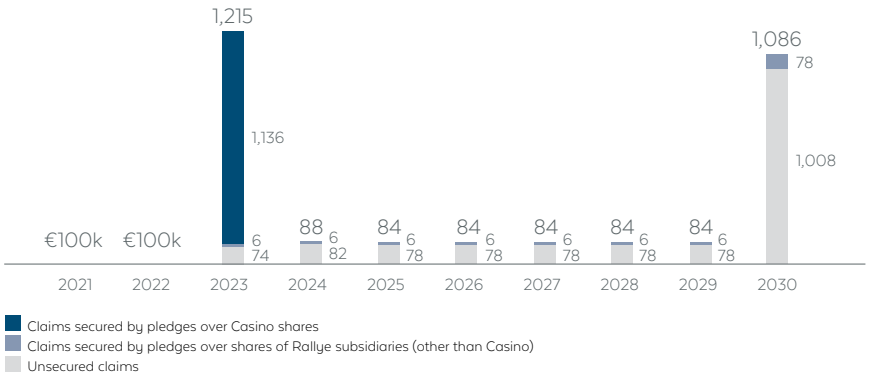
Rallye

Description of the risk	Risk management
Liquidity risk is the risk of a company not having the necessary funds to settle its monetary commitments when they fall due and thus ensure business continuity. As detailed on page 12 of this report, following persistent and massive speculative attacks against the Group's securities, Rallye and its subsidiaries Cobivia, HMB and Alpétrol, along with the Rallye parent companies Foncière Euris, Finatis and Euris requested and obtained the initiation of safeguard proceedings, further to the Court decisions of 23 May 2019 and 17 June 2019. The safeguard proceedings protect companies which are unable to suspend payments, and are designed to afford them time to restructure their debt repayments (which can be spread over a maximum period of 10 years) and secure their long-term operations. Pending the establishment of a safeguard plan, it suspends the payment of debts prior to the opening of the proceedings. On 28 February 2020, the Paris Commercial Court approved the safeguard plans for all of the companies. It is within this context that the Group consolidated financial statements were prepared on a going concern basis. **Potential impacts** If the safeguarded companies were not to fulfil their commitments by the deadline set in the plans, the Court could, at the request of the creditor, the administrator overseeing the implementation of the plan, or the public prosecutor, decide to cancel the plan. In the event that the Court acknowledges the suspension of payments during the implementation of the plans, the Court will initiate administration proceedings, unless administration is manifestly not possible, in which case the Court will initiate liquidation proceedings.	Under these safeguard proceedings, Rallye intends to manage liquidity risk by restructuring its debt and continuing its development with confidence in order to ensure the Group's integrity and consolidate its financial position in a stabilised environment. As of the initiation of the safeguard proceedings, Rallye's gross debt amounted to €2,923 million (excluding claims under derivatives transactions). The derivatives transactions entered into by Rallye, HMB and Cobivia for a total of €231 million, are not covered by the safeguard plans but have been the subject of specific agreements dated 25 November 2019, in accordance with which 50% of the amount of the derivatives transactions will be repaid by 30 June 2021 at the latest, with the balance being reimbursed at the latest on 31 December 2022. These agreements are detailed on pages 14 and 15. On 26 March 2020, Rallye's Board of Directors approved an agreement with Fimalac relating to the refinancing of the derivatives transactions entered into by Rallye, Cobivia and HMB. This agreement is discussed on page 28 in the section "Recent trends and outlook". The judicial representatives sent the relevant liabilities payment proposals to the Company's creditors in order to obtain their acceptance or refusal. 71% of the proposals were accepted (all creditors included) (representing €2,075 million), as follows: - claims secured by pledges over Casino shares: 100% acceptance of the proposals by the creditors concerned (representing €1,153 million); - claims secured by pledges over shares of Rallye subsidiaries (other than Casino): 100% acceptance of the proposals by the creditors concerned (representing €204 million); - unsecured claims (in particular certain bilateral credit lines, bonds and commercial paper): 46% of the proposals were accepted by the creditors concerned (including bondholders) representing €720 million out of a total amount of unsecured claims of €1,566 million. In its decisions dated 28 February 2020, the Paris Commercial Court approved the repayment undertakings included in the liabilities repayment proposals. These repayment undertakings take two major factors into account: - securities pledged to secured creditors that have priority access to dividends in the existing economic chain of ownership; - the chain of control over Casino being maintained over the period 2020-2030, thus securing the dividend flows for the relevant companies. Rallye's safeguard plan provides for the full settlement of its liabilities over a period of 10 years and the ability to pay dividends for the duration of the plan. Rallye benefits from three categories of resources to repay its liabilities: - dividends from Casino; - sale of its non-strategic assets; and - different refinancing options, with the last refinancing deadline for the plan/outstanding debt being in 2030. The Rallye plan notably includes the acceptance of the creation of a second-rank pledge over Casino shares, which may allow for the implementation of financing for early repayment and/or repurchase which would be proposed in the event of an amendment to the safeguard plan under the same terms and conditions to all holders of claims admitted to Rallye's liabilities which are not secured by pledges over Casino shares. A maximum number of approximately 44 million Casino shares may be pledged under second-rank pledges.

The Rallye repayment schedule, as determined by the commitments undertaken in respect of the safeguard plan, is as follows[1]:

RALLYE REPAYMENT SCHEDULE

(€ millions)



(1) In principal, net of the amount of proceeds at 23 May 2019. Where applicable, contractual interest and potential fees will continue to apply for the duration of the plan.
For claims secured by pledges over listed shares, the repayment profiles take into account existing securities pledges. Such pledges allow the creditors to appropriate any proceeds in advance and may lead to faster repayment compared to the undertakings under the liabilities repayment proposals.

In accordance with Article L. 626-14 of the French Commercial Code, the Paris Commercial Court ruled that all assets owned by the Companies will be non-transferable for the duration of the safeguard plans, barring any exceptions to allow for the proper execution of the safeguard plans.
The Paris Commercial Court appointed SCP Abitbol & Rousselet (Maître Frédéric Abitbol) and SELAR FHB (Maître Hélène Bourbouloux) as administrators to oversee the implementation of the plans. The role of the administrators is primarily to oversee the successful implementation of the safeguard plans, to centralise Rallye payments for its commitments under the safeguard plan and their subsequent allocation between creditors, it being specified that a portion of the plan payments will be directly paid to creditors for share pledges, and to draw up an annual report on Rallye's performance of its commitments, which will be available to all creditors.

Rallye's business report, on pages 12 to 18, provides a detailed presentation of how the Company manages the liquidity risk linked to the safeguard proceedings, with a description of the gross debt covered by the safeguard proceedings (page 14), the different stages involved in preparing the draft safeguard plans (page 15) and the related constraints, the liabilities payment proposals prepared with the assistance of the court-appointed administrators (page 16), the approval of the plan assumptions, the results of the consultation of creditors, and the approval of the safeguard plans (page 17).

Casino

Description of the risk	Risk management (control and mitigation)
Liquidity risk is the risk of a company not having the necessary funds to settle its commitments when they fall due. Casino Group is exposed to liquidity risk as it has a high level of debt financing. In addition, the Group's access to sources of financing (including negotiable European commercial paper [NEU CP] programmes) has been limited since May 2019 amid increased volatility (Rallye safeguard proceedings, downgrade in the Group's credit rating by S&P and Moody's, and market volatility), even though this risk was considerably reduced by the refinancing transactions carried out at end-2019, extending the maturity of the Group's credit facilities in France. Its loan and bond agreements include acceleration clauses, as described below. These clauses include financial covenants, the non-compliance with which may lead to a request for cancellation and early repayment of credit from the lenders involved. **Potential impacts on the Group** If this risk were to occur, the Group could experience financial difficulties and, in the worst case scenario, its survival could be threatened.	Casino Group's liquidity policy is to ensure, to the extent possible, that it always has sufficient liquid assets to settle its liabilities as they fall due, in either normal or impaired market conditions. The main methods used consist of: - diversifying financing sources; - diversifying financing currencies; - maintaining a level of confirmed financing facilities significantly in excess of the Group's payment obligations at all times; - limiting the amount of annual repayments and proactively managing the repayment schedule; - managing the average maturity of debt. The liquidity analysis is performed both at the level of Casino, Guichard-Perrachon (taking into account the cash pool operated with all French subsidiaries) and for each of the Group's international subsidiaries. All subsidiaries submit weekly cash reports to the Group and all new financing facilities require prior approval from the Corporate Finance department. At 31 December 2019, the Group's liquidity position in France was robust, with €1,793 million of cash and cash equivalents and €2.3 billion of confirmed, undrawn credit lines with an average maturity of 3.6 years. A fraction of the credit lines can be used throughout the year to respond to the business' seasonal needs. In addition, the Group has signed asset sale agreements for the equivalent of around €900 million in cash inflows for the coming months (Leader Price and Vindémia) and is expecting an earn-out on Apollo and Fortress of up to €250 million. The total amount of expected cash inflows on asset sales is therefore substantially larger than the €597 million bond repayment due in May 2021. The initiation of Rallye's safeguard proceedings in May 2019 led to the downgrade of Casino's credit rating by S&P and Moody's. At 31 December 2019, Casino was rated B and B2 (negative outlook) by Standard and Poor's and Moody's, respectively, compared with its BB and Ba1 (negative outlook) ratings at 31 December 2018. Casino's access to the negotiable European commercial paper market (NEU CP) was restricted following the launch of Rallye's safeguard proceedings, although the amount outstanding under these instruments has increased once again since bottoming out in August. At 31 December 2019, amounts outstanding under commercial paper issues represented €129 million (versus €221 million at 31 December 2018). However, Rallye's safeguard proceedings did not have a negative impact on goods payment periods. Furthermore, to our knowledge, credit insurers have not reduced the amount of their cover for the Group's borrowings. On 2 March 2020, Casino, Guichard-Perrachon was informed by its controlling shareholder Rallye that on 28 February, the Paris Commercial Court approved the safeguard plans for Rallye and its subsidiaries Cobivia, HMB and Alpétrol, and for their parent companies, Foncière Euris, Finatis and Euris. The Group renegotiated all of its credit facilities in France in November 2019 and signed a new €2.0 billion confirmed credit line maturing in October 2023. The new line was subscribed by 21 French and international banks. The remaining syndicated credit lines include banks that have not committed to participating in the new credit line. Casino also proved its ability to raise funds on the capital and private placement markets in two transactions carried out in November 2019: a €1 billion secured term loan and an €800 million secured high-yield bond issue (carried out by Quatrim, an indirect wholly-owned Casino subsidiary). These two financing operations maturing in January 2024 were largely oversubscribed. The Group has posted collateral and sureties in respect of these two operations, as well as for its new €2.0 billion confirmed credit line. Apart from this financing, Casino, Guichard-Perrachon's debt and the debts of its main subsidiaries (GPA, Éxito and Monoprix) are unsecured, except for loans obtained by GPA from BNDES, which totalled €6 million at end-2019. Under its new €2.0 billion confirmed credit line, Casino is required to comply with two financial covenants, tested quarterly as from 31 March 2020. These covenants are calculated for the France and e-commerce scope as follows: - adjusted gross debt[1] divided by EBITDA, the required level of which depends on the test periods (see details in note 11.5.4 to the consolidated financial statements) of Casino Group at 31 December 2019; - EBITDA divided by net finance costs, which must be higher than 2.25x. Casino, Guichard-Perrachon's other confirmed lines of credit are subject to a covenant based on the consolidated net debt/EBITDA ratio at 31 December each year, which must be less than 3.5x. This covenant was respected as at 31 December 2019 (calculations differ according to lines, see details in note 11.5.4 to the consolidated financial statements of Casino Group at 31 December 2019). The financing facilities of GPA, Éxito and Monoprix are also subject to hard covenants. All of the covenants were complied with at 31 December 2019. Liquidity risk is discussed at length in note 11.5.4 to the consolidated financial statements of Casino Group at 31 December 2019.

(1) Loans and other borrowings for the France Retail and E-commerce segments, as presented in note 11.2.1 to the consolidated financial statements of Casino Group at 31 December 2019.

› Market risks

Impact: ** / **Likelihood**: @@

Group

Description of the risk	Risk management
Due to its geographically diversified business base, its activities and its level of debt, the Group is exposed to various market risks, including: - Interest rate risk: interest rate risk is the risk of the Group experiencing an increase in borrowing costs due to higher interest rates. - foreign currency risk: currency translation risk on the translation of the balance sheets and income statements of subsidiaries outside the euro zone and transactions denominated in currencies other than the euro. Currency translation risk primarily concerns the financial statements of the Group's subsidiaries in Brazil and Colombia and arises from changes in exchange rates for the Brazilian real and Colombian peso against the euro. **Potential impacts on the Group** The materialisation of interest rate risk may have an adverse impact on the Group's financial performance. Assuming the net debt structure and management policy are constant, a 100-bps annual increase (decrease) in rates across the yield curve would lead to a 9.4% or €33 million increase (7.1% or €25 million decrease) in finance costs. For the purposes of the analysis, all other variables, particularly exchange rates, are assumed to be constant. An unfavourable change in exchange rates could have a negative impact on the consolidated financial statements (translation risk) and lead to financial losses (transaction risk). At 31 December 2019, an increase of 10% in the value of the euro against the Brazilian real would have had a negative impact of €1,124 million on total income, €39 million on recurring operating income, €10 million on net income and €466 million on equity. An increase of 10% in the value of the euro against the Colombian peso would have had a negative impact of €291 million on total income, €14 million on recurring operating income, €1 million on net income and €167 million on equity. Transaction risk mainly concerns goods purchases billed in US dollars.	The Group uses standard financial instruments such as interest rate swaps and forward currency transactions to manage its exposure to interest rate risks and currency risks. These instruments are mainly over-the-counter instruments transacted with first-class bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting. However, like many other large groups, Casino may take very small, strictly controlled positions that do not qualify for hedge accounting, for more dynamic and flexible management of its interest rate exposures. Interest rate risk is managed by monitoring and, when necessary, adjusting the interest cover ratio based on rate forecasts. The aim is to manage the risk of an increase in interest rates and optimise borrowing costs. Interest rate risk is analysed using the data and projections of changes in consolidated net debt, the interest rate hedge repayment schedule and financing issued at fixed and variable rates. This analysis allows for the implementation of interest rate hedges in line with the target breakdown for the Group's fixed and variable rates. The Group's gross debt in France is mainly composed of fixed-rate bonds and the Term Loan B (€6,849 million and €1,000 million respectively at 31 December 2019, see note 12.2.2 to the consolidated financial statements). This bond debt may be hedged through fixed-to-variable rate swaps generally contracted at the issue date; all of these hedges qualify for hedge accounting. At 31 December 2019, after hedging, 39% of bond debt was set at a fixed rate (€2,641 million) and 61% at a variable rate (€4,208 million), including 23% at a capped variable rate and 46% at a floored variable rate (€1,607 million). Interest rate risk is discussed at length in note 12.7.2 to the 2019 consolidated financial statements. The Group's policy in this respect is to hedge highly probable budget exposures, which mainly involve purchases made in a currency other than its functional currency, such as goods purchased in US dollars hedged by forward contracts. Substantially all budgeted purchases are hedged using instruments with the same maturities as the underlying transactions. Concerning the exposure of debt to currency risk, all borrowings denominated in a currency other than the borrower's functional currency are fully hedged. Currency risk is discussed at length in note 12.7.3 to the 2019 consolidated financial statements.

› Covid-19 specific risk

Impact: ** / **Likelihood**: @

Rallye

Description of the risk	Risk management
In early January 2020, Chinese health authorities and the WHO announced the outbreak of a new coronavirus (SARS-CoV-2). This virus is actively circulating, and since 11 March 2020 the WHO has qualified Covid-19 as a pandemic, an epidemic that has spread worldwide. To fight the spread of Covid-19 and save lives, restrictions have been introduced in several countries, including a lockdown that has been in place in France since Tuesday 17 March 2020. As the majority shareholder of Casino Group, Rallye is indirectly exposed to the specific risks incurred by Casino. At the time of publication, the Covid-19 pandemic's impact on the Group's business is as follows: - At Casino, urban formats, convenience stores and E-commerce, which constitute the core of the Group's business model, have seen particularly high levels of demand since mid-March. Apart from the initial stockpiling effect, this growth is attributable to a shift in food consumption towards home consumption, leading to additional demand for food retailers, more specifically towards convenience and urban store formats, as well as E-commerce. Cdiscount has posted a substantially increased level of business concerning both the new food offer introduced to meet customer demand and a number of day-to-day, non-food products. - To guarantee the safety and well-being of its teams and customers, Go Sport stores are temporarily closed. Customers can still make their purchases online at go-sport.com. Given the current situation, deliveries are likely to take longer. **Potential impacts on the Group** The epidemic could lead to the partial or total shutdown of retail space and warehouses due to staff absences and/or supply-related difficulties. This could have an adverse impact on the Group's net sales, operating performance and financial position. Any resurgence of social and/or political uncertainty exposes the Group to significant business interruption risks. All incidents related to violence or social unrest can result in an increase in security costs and a decline in store traffic. Similarly, the E-commerce business may be adversely affected if the operations of vendors and/or freight forwarders are disrupted by demonstrations.	While committed to ensuring business continuity where possible, the Group prioritises the health of its employees and strictly complies with the restrictions introduced as a result of the health emergency. At Rallye, digital tools now allow the vast majority of the team to work remotely, safeguarding the continued operation of our activities and the health of all employees. Casino Group remains focused on all of the strategic priorities already communicated to the market in terms of cost savings, the management of investments and inventories, targeted expansion (convenience and premium formats, E-commerce, new businesses), and disposal plans. Following the outbreak of the Covid-19 pandemic, a series of specific measures have been introduced to meet the Group's core mission of ensuring that all communities have uninterrupted food supplies: - Employee protection, including mass distribution of face masks, gloves and hydro-alcoholic gels to employees in stores and warehouses; - Customer protection and adaptation of service: protective measures in stores, accelerated deployment of automated check-outs, increased capacity for home deliveries, click & collect and Drive solutions; - Secured logistics organisation, in cooperation with suppliers, to meet demand without significant shortages. A crisis management unit has been set up and is in continuous contact with suppliers and public authorities to ensure supply chain continuity and to secure operations in the stores and E-commerce fulfilment centres A coordination unit sends general instructions to the Human Resources department. These instructions are updated on a regular basis as the situation develops. In addition to these instructions, each company implements procedures adapted to its specific business environment. These procedures are then communicated to the management, personnel and employee representative bodies concerned within each business unit. The Group is monitoring the situation very closely and is prepared to deploy new measures depending on the development of the pandemic. At this point in time, it is difficult to determine how long this crisis will last, or the extent of its impact on the economy. The rapid and strong responses from various governments and central banks should allow economic players to overcome the period of economic slowdown while maintaining their capacity to prepare for a future recovery. It goes without saying that this situation has repercussions. At the date of this Universal Registration Document, the long-term impact cannot be determined and will most likely depend on several factors, particularly the time it will take to bring the epidemic under control, the extent and duration of restrictions introduced by governments, and the time it will take to return to a normal course of business. To overcome this crisis as effectively as possible, its is important that all economic players present a united front. This crisis is a reminder that any business of any kind is exposed to risks: some are more difficult to predict, analyse and gauge than others.

Operational risks specific to Rallye's majority stake in Casino Group

As the majority shareholder in Casino Group, Rallye is indirectly exposed to the operational risks incurred by Casino.

The most significant operational risk factors are set out below and an exhaustive presentation provided in the Casino Group Universal Registration Document.

› Information systems and cybersecurity risks

Impact: **** / **Likelihood**: @@@@

Description of the risk	Risk management (control and mitigation)
Casino Group runs, directly or indirectly, an extensive network of information systems that are essential to the operation and management of its activities. The development, implementation and continued, uninterrupted operation of these information systems, including systems supplied by third parties, are key to the Group's ability to deliver products and services to customers across all of its banners. They are especially critical for Cdiscount's operations, as well as for the relevanC digital marketing activity and Data Centers. These risks also concern stores and warehouses due to the critical information systems used for payment, supply chain and warehouse management. The Group is dependent on its technical infrastructure and computer applications for all aspects of the day-to-day management of the business, including communications and internal information sharing. **Potential impacts on Casino Group** Any breach of systems integrity, for example due to a technical failure or cyber-attack, could have a serious adverse effect on the Group's business operations and assets. A hardware or software failure, or failure by a service provider (especially a hosting company), interruption of mission-critical IT services or a data security breach could have an unfavourable impact on the Group, particularly the E-commerce business, which is highly dependent on reliable and secure computer systems. There were no material occurrences of this risk in 2019 and none since 1 January 2020.	Casino Group implements comprehensive measures in each business unit to protect sensitive data, in particular personal data about customers and employees, and ensure business continuity. It aims to be a responsible and engaged leader in the digital economy and in personal data protection. A set of cybersecurity rules, procedures and indicators have been defined by the Group Information Systems Security department and circulated among all units to protect their information systems and data more effectively. This department also reports regularly to the Group Audit Committee and Executive Committee on the status of action plans for preventing cybersecurity risks. The Information Systems department's CITADEL database lists business-critical applications for Casino. The database is regularly updated in light of developments in the business, most recently in December 2019. CITADEL is used by the Information Systems department to manage its IT continuity plan. In 2019, the Information Systems department performed 34 tests on the business recovery plan, with the results analysed and taken into account within the scope of the continuous improvement process. In addition, cybersecurity insurance was purchased in 2017 covering all Group units including GPA in Brazil and Éxito in Colombia. The cover was increased in February 2018 and is considered by the Group as being sufficient based on estimates of the potential losses that would result from the occurrence of this risk.

› Business disruption/interruption risks

Impact: *** / **Likelihood**: @@@

Description of the risk	Risk management (control and mitigation)
Business disruption/interruption risk includes the risks of supply disruption, inability to gain access to facilities (stores, warehouses, headquarters), and building destruction or damage. An effective, uninterrupted and timely operation of the supply chain is critical, particularly for the fresh produce sold by the Group. Changes in the Group's logistics structures, for example resulting from labour disruption, problems with the fleet of delivery trucks, strikes, natural events, or technical disruptions or accidents, could lead to a temporary or prolonged business interruption or to store supply issues, and could disrupt inventory management. Catastrophic events such as terrorist attacks, wars, floods, fires, earthquakes, violent storms, pandemics or epidemics (Covid-19) have an adverse impact on retailers' operations, particularly food retailers. Other events such as local strikes, boycotts, social and economic unrest, or civil disturbances could also adversely impact the Group's business. The occurrence of such events can affect consumer morale and have a negative impact on tourism. This in turn could affect sales in the Group's retail stores, which are mostly located in tourist destinations. **Potential impacts on the Group** A temporary or prolonged disruption in the Group's business activities, in warehouses and/or stores and/or in the headquarters of some of the Group's business units may have an adverse impact on the Group and its banners, and on its net sales, operating performance and financial position. Covid-19: The epidemic could lead to the partial or total shutdown of retail space and warehouses due to staff absences and/or supply-related difficulties. This could have an adverse impact on the Group's net sales, operating performance and financial position. Any resurgence of social and/or political uncertainty exposes the Group to significant business interruption risks. All incidents related to violence or social unrest can result in an increase in security costs and a decline in store traffic. Similarly, the E-commerce business may be adversely affected if the operations of vendors and/or freight forwarders are disrupted by demonstrations. As of the date of publication, Casino has not seen any noteworthy or significant disruptions in the supply chain, nor have any stores closed.	Business disruption/interruption largely depends on factors outside the Group's control. However, the Group has put in place various measures aimed at reducing the impact of such risks should they occur: - Covid-19: The Group has deployed a coordination unit, which provides general instructions to the Human Resources department. These instructions are updated on a regular basis as the situation evolves. In addition to these instructions, each company implements procedures adapted to its specific business environment. These procedures are then communicated to the management, personnel and employee representative bodies concerned within each business unit. The Group is monitoring the situation very closely and is prepared to deploy new measures depending on the development of the pandemic. - Business continuity plans and business recovery plans are in place in most French and international business units (Monoprix, Cdiscount, GPA, Éxito, Libertad, etc.). Each unit has developed its own internal control procedures. For example, Monoprix addressed the risk of being unable to gain access to its stores in Paris by developing a business continuity plan, setting up a crisis management team and conducting drills based on a simulation of the crisis situation that would arise if the Seine were to break its banks. Libertad in Argentina focused on the risk of building damage or destruction due to a maintenance failure, by ensuring that maintenance plans are in place and are properly executed. - Crisis management units have been set up within the Group's main international business units (GPA, Éxito and Libertad) and a crisis management process is in place involving representatives of Senior Management (the Chairman and Chief Executive Officer, when necessary, the Human Resources Director and the Group General Secretary), as well as internal or external experts as needed to deal effectively with the crisis.

The "Information systems and cybersecurity risks" section on page 50 describes the critical information systems interruption risk and how it is managed.

› Economic risks

Impact: ** / **Likelihood**: @@@

Description of the risk	Risk management (control and mitigation)
Casino Group's businesses and particularly its sales, operating performance and cash generation are strongly correlated with non-discretionary household expenditure, which is influenced by the cyclical nature of the economy at large, by a global pandemic, by rates of unemployment, demographic growth, inflation/deflation, disposable income, VAT increases and interest rates, by the availability of consumer credit and by consumers' perception of the global economic environment and their own economic prospects. None of these factors are within the Group's control. The Group does most of its business in France and in a small number of Latin American countries, which increases its exposure to the adverse macroeconomic conditions that may affect these countries. At 31 December 2019, 71% of the Group's stores were located in France. Accordingly, any deterioration in the French or European economy could have a significant impact on the Group's trading, as well as on its operating performance and the financial conditions it is able to obtain. Traditionally, Latin American economies have been subject to sharp fluctuations in business volumes, as illustrated for example by the economic downturn in Brazil in 2015 and 2016 and its near-recession in 2019, or by the hyperinflationary economy in Argentina. **Potential impacts on the Group** A global economic downturn concerning all of the countries in which the Group does business could have a negative impact on customer confidence and on their demand for "non-essential" products. It might also drive down sales of food products and other essentials by leading customers to curb their overall expenses by buying more low-end products and/or buying more from cash & carry or hard discount-type stores. To conclude, adverse economic conditions or an uncertain economic or political outlook on one or more of the markets in which the Group operates could have an adverse impact on net sales, growth and profitability, and could significantly affect the Group's business, financial position, earnings or ability to implement strategic decisions. In view of the uncertainty regarding the macroeconomic and social impact of Covid-19 over the next year, and as a precautionary measure, Casino Group is no longer formulating quantified objectives for 2020-2021, while remaining mobilised on all the priorities already communicated to the market.	Casino Group has taken steps to limit and reduce its sensitivity to economic risks at several levels: - Its business activities are spread across several geographic areas (primarily France and Latin America since the sale of operations in Asia and the sale in progress in the Indian Ocean region). - It is developing omnichannel distribution involving a broad spectrum of both digital and bricks-and-mortar formats, from hypermarkets and supermarkets to convenience stores, wholesalers and e-commerce. - Banners and concepts are adapted to the target customer base, whether premium stores, hard discounters, stores specialising in organic produce, etc. - Business has been diversified to include new activities offering green energy/energy efficiency (GreenYellow) and data (relevanC and ScaleMax) solutions in order to reduce dependence on the food business cycle.

› Competitive environment

Impact: ** / **Likelihood**: @@@@

Description of the risk	Risk management (control and mitigation)
Casino Group's stores and e-commerce sites are exposed to fierce competition and operate in markets subject to fast-paced changes. Competition is particularly intense in the mature French market. Outside France, the Group's leadership in most of its markets (e.g., Brazil and Colombia) is under constant attack from international and local retailers that are seeking to strengthen their positions. Competition generally concerns store location, product quality, services, pricing, product range, brand reputation and store condition. In addition, its ability to adjust its selling models to customer expectations is a major issue for the Group, given the structural changes in consumer habits. **Potential impacts on the Group** Besides promotional campaigns and loyalty programmes, the Group's response to the performance of competitors and to changes in their pricing strategies, promotional initiatives, product mix and other business strategies may lead it to cut its prices in order to defend its market shares. This could have a negative impact on its net sales, increase its operating costs and/or decrease its margins. The Group expects competition on e-commerce channels to intensify, which may put downward pressure on prices and lead to a loss in market share.	In the short term, the competitive environment and related developments are monitored and taken into account for each country and banner, mainly through efficient pricing management and promotional and customer loyalty initiatives. Over the medium term, Casino Group monitors all of its formats and banners and looks to identify opportunities to develop its multichannel sales. Casino Group also seeks to identify opportunities to grow its asset or franchise operations and to carry out purchases and sales by identifying and developing store formats and banners best suited to the countries in which it operates.

› Consumer expectations

Impact: ** / **Likelihood**: @@

Description of the risk	Risk management (control and mitigation)
The success of Casino Group's business depends on the continued appetite for the range of products and services on offer in the Group's network of integrated and franchised stores and e-commerce platforms. Given the diverse profile and expectations of its clientele, the Group has to offer a range of products able to satisfy an extensive array of preferences that can vary from one country and store format to the next. Demand for the Group's food products can be affected by consumers' growing concerns about food safety, and health and well-being issues associated with the produce they buy. For example, consumers are increasingly concerned about the health effects of certain controversial ingredients such as processed fats, gluten, sugar, processed wheat and other such products. An analysis of consumer expectations shows both (i) a trend towards organic, environmentally-friendly products, a preference for buying locally and a real demand for transparency in terms of product traceability, sustainability and nutritional value, and (ii) a constant rise in e-commerce sales prompted by the need for a seamless customer experience. **Potential impacts on the Group** There is a risk that the Group will fail to anticipate these consumer trends or the demand for certain products. Even though the Group sells a wide range of products through its different banners, failure to accurately or quickly identify changes in consumer expectations as regards concepts, health and nutrition could have a negative impact on its relations with its customers, on customer demand for its products and on its market shares if consumers were to disregard its products and turn to other options. Keeping up with changing consumer preferences can also be extremely costly. Finally, if the Group fails to accurately anticipate the demand for certain products, particularly non-food items, this could lead to stock surpluses that would require it to significantly reduce prices in order to sell the items, resulting in inefficient management of working capital. On a large scale, the above factors could impact the Group's business, its financial position and its operating performance.	To mitigate this risk, Casino Group endeavours to identify and respond to consumer trends, with the CSR, Marketing and Innovation departments responsible for consumer monitoring and research activities. In France, the Casino Max loyalty programme has been upgraded to included a new service displaying the Nutri-score of over 10,000 products directly in the app. The Group therefore supports the nutritional quality drive and assists its customers in their efforts to adopt better consumption habits. In France, alongside the Amazon-Monoprix partnership offering express deliveries of Monoprix products – which has since been extended to certain towns and cities outside the Paris region – Franprix and Cdiscount have joined forces to launch an express delivery service bringing food items (including hot meals) as well as certain key non-food products to the doorsteps of their Parisian customers in under 30 minutes. This service, which is available online and as a mobile app, marks a further step in the Group's innovation efforts and creates unprecedented synergies between digital commerce and physical stores. In Colombia, in addition to the technological innovations associated with the development of Carulla Smart Market, Éxito is acting to protect the environment by removing all plastic bags from its stores, along with all plastic packaging for fruit and vegetables. For products requiring packaging protection, the packaging must be fully biodegradable and compostable. In France, Monoprix no longer produces a paper copy of its catalogues, while Franprix has set itself the goal of eliminating all single-use plastics in 2020.

Legal risks

› Risks relating to applications filed to contest the decisions to approve the safeguard plans

Impact: *** / **Likelihood**: @

Description of the risk	Risk management (control and mitigation)
Articles L. 661-1-I-6°, R. 661-3 and R. 662-1 of the French Commercial Code provide for the right to contest the decision to approve a safeguard plan within ten days of the publication of said decision (except for the public prosecutor, who must contest the decision within ten days of formal notification). Debtors, court-appointed administrators, judicial representatives, employee representatives (if applicable) and the public prosecutor can contest the decision. Only the application filed by the public prosecutor has automatic suspensive effect. Third-party proceedings contesting the decision to approve a safeguard plan are governed by Articles L. 661-3 and R. 661-2 of the French Commercial Code. This recourse is open to all interested parties, provided that they are not a party to nor represented in this contested decision, and that they are able to justify their own plea or an infringement of their own rights. Third-party proceedings are to be submitted within ten days of the publication of the decision in the French official bulletin of civil and commercial announcements (BODACC).	Third-party creditors can also file third-party proceedings, but they must claim an infringement of their rights or put forward their own pleas, i.e., a personal plea that is separate from collective creditor rights and that therefore cannot be based on one or more grounds that could also be advanced by any other creditor (i.e., a plea can be submitted by a creditor whose claim has been admitted to liabilities (former partner) but whose repayment is not provided for under the plan and only after the repayment of all other creditors, but not by a creditor who considers that the plan is not a credible solution to safeguard the company). Furthermore, a third-party creditor who has accepted the proposed terms of the plan cannot subsequently file third-party proceedings to contest the terms that they have previously accepted: the decision does not represent grounds for a complaint and the creditor has no legitimate interest. All decisions as to third-party proceedings are open to appeal and to judicial review. As of the filing date of this Universal Registration Document, no third-party proceedings have been filed.

› Legal and regulatory compliance risks

Impact: *** / **Likelihood**: @@@

Rallye

Description of the risk	Risk management
The Sapin II Act of 9 December 2016 requires senior executives of large companies to implement measures to prevent and detect corruption and influence peddling in France and abroad.	Under the provisions of Sapin II, the Rallye Group has issued a Code of Conduct to employees, organised an alert and report compilation mechanism, along with a handbook explaining how employees can use the mechanism to report serious violations of Sapin II or the Code of Conduct. All employees are required to take a training course covering general anti-corruption issues, the legal framework and the Group policies in place to combat corruption. As part of the Group's day-to-day management, Rallye is involved in normal business relationships with all of its subsidiaries. Information concerning potential conflicts of interest in the Group's governing bodies and Executive Management is presented in the management report on page 81 below. During 2018, measures were put in place to ensure compliance with the new European General Data Protection Regulation.

Casino

Description of the risk	Risk management (control and mitigation)
Due to the nature of its businesses and its international reach, Casino Group is subject to a wide variety of local laws and regulations, including labour, competition, retail and consumption, planning, personal data protection, and health and environmental laws. The Group considers that the anti-corruption provisions of France's Sapin II Act and the European General Data Protection Regulation (GDPR) give rise to the greatest legal and regulatory risks, because they have only recently been adopted and their impact in terms of sanctions and reputational damage could be significant. The Group receives and manages certain personal financial information concerning its customers and employees. It uses independent service providers to process payments made by customers via bank or credit cards. Its online operations are based on the secure transfer of confidential information via public networks, including electronic payments. The protection of data about its customers and employees is also a major focus. Both in France and abroad, the Group is subject to all laws and regulations governing the operation of establishments open to the public, notably health and safety regulations and product compliance and safety regulations, and of classified facilities (service stations). **Potential impacts on the Group** Despite measures taken to comply with the regulations applicable to its business activities, the Group cannot guarantee that all risks will be eliminated, due mainly to ever stricter and broader regulatory, investigative and supervisory tools and methods and the associated penalties. The materialisation of such a risk could negatively impact its business activities, results or reputation.	– The Group Legal department's role is to ensure that the Group's operations comply with the applicable laws and regulations. The heads of business units and their representatives are responsible for ensuring compliance with the applicable laws in their host country. The Group Risk Management and Compliance department, in liaison with the Group Legal department and the relevant business unit departments, is responsible for identifying risks related to laws and regulations and for ensuring that the associated controls are properly applied. – Measures have been taken since 2016 to raise awareness of the European General Data Protection Regulation as well as other legislation arising from it. A Data Compliance Committee, which meets monthly, was set up to monitor the "Personal Data Protection" compliance actions carried out by the banners, to arbitrate between different banner positions on compliance matters, and to discuss and anticipate the operational challenges arising from regulatory changes. – A Group Ethics Committee was set up in 2016, while a Steering Committee responsible for monitoring the implementation of Sapin II Act requirements was set up in January 2017. Several new departments or positions (ethics officers, Risks and Compliance department) were also created and tasked with drawing up and implementing the necessary procedures and ensuring the Group's compliance with the provisions of the new law. More detailed information on the action taken by the Group to prevent bribery and corruption can be found in section 3.4 "Ethics and compliance" of Chapter 3 "Corporate Social Responsibility (CSR) and Non-Financial Information Statement (NFIS)" of Casino Group's Universal Registration Document.

7. Insurance and risk cover

The purpose of the Group's insurance policy is to ensure business continuity in the event of an incident for the activities carried out by its various companies, as well as to maintain or improve the protection of its assets, customers and employees while keeping costs under control.

Analysing and quantifying insurable risks, as well as subscribing and managing insurance policies and monitoring claims, are handled independently by Rallye and its subsidiaries.

Rallye's insurance policies

The main insurance policies taken out by Rallye are as follows:

- property damage and business interruption: designed to protect the Group's assets, it covers traditional risks such as fire, flood, explosion, natural disaster, subsidence, electrical damage, business interruption and tenant risks;
- civil liability insurance: this covers the Group for all losses that might be incurred due to bodily injury, damage to property or consequential loss suffered by third parties that may be caused by the Group's fault, error, omission or negligence in the performance of a service and/or its business operations.

Casino Group's insurance policies

Risks are insured by Casino Group under master policies – whenever this is allowed under local regulations and does not pose any operational problems – in order to ensure consistent levels of cover and benefit from economies of scale by pooling risks.

The Insurance department, which reports to the Group Finance department, is notably responsible for:

- contributing to the risk culture;
- helping to identify and analyse operational risks and transferring them to the insurance market;
- defining and coordinating French and international life and non-life insurance programmes;
- managing and controlling the captive reinsurance company;
- managing and overseeing claims processes;
- contributing to the crisis management process;
- supporting the distribution of insurance products (affinity products, franchisee insurance).

To help the department to fulfil these responsibilities, Casino Group uses the services of international brokers, engineering firms and consulting firms. The policies are purchased from leading insurance companies with a satisfactory financial strength rating that are specialised in insuring major risks. Casino Group has purchased several international insurance programmes. Where permitted under local laws and regulations, risks are insured directly under the master policies. Alternatively, the master policies may increase or extend the limits or conditions of cover available under policies purchased locally.

Self-insurance

To manage and control its insurance costs, in 2019 Casino Group continued its policy of self-insuring small, high-frequency claims, corresponding mainly to civil liability and property damage claims. In addition to the partial self-insurance represented by deductibles, Casino Group reinsures part of its property damage risks through its captive reinsurance company in Luxembourg. In 2019, Casino Group's reinsurance captive's commitments continued to be capped at €10 million per year. This strategy helps to strengthen the Group's control over risks and the management of claims while also keeping premiums as low as possible.

Summary of insurance cover

In 2019, Casino Group pursued its policy of rationalising its insurance programmes covering all French and international subsidiaries.

The insurance programmes described in Casino Group's 2019 Universal Registration Document are those for 2018, which were still in force as of the date of said Universal Registration Document. They may be changed at any time to take account of changing risks and developments in the activities to be insured, changes in claims experience, or changes in insurance provider decided by the Group, in particular to take account of insurance market capacity, available cover and rates.

Additional information on insurance costs and programmes is provided in the "Insurance – risk cover" section of Casino Group's Universal Registration Document.

The internal control system is not set in stone, and evolves in order to allow Executive Management to take into account significant risks to the Company in an appropriate manner. The Board of Directors is informed of any changes to this system and can monitor its functioning based on information provided to it by Executive Management.

8. Speculative attacks on the share price

- Following the distribution by Muddy Waters – while trading was in progress and after it had shorted Rallye and Casino stock – of a report containing untrue or misleading information about Casino Group, triggering an abrupt, very steep fall in the Casino share price, Casino and Rallye filed a complaint with France's securities regulator, the AMF, at the end of 2015. On 17 December 2019, the investigation opened in February 2016 was closed by the AMF with no further action.
- Moreover, in September 2018, Casino and Rallye once again applied to the AMF concerning new speculative attacks, suffered since June 2018 and giving rise to short selling on an unprecedented scale, massive borrowings of Casino securities and misinformation campaigns, all with the aim of artificially reducing share prices and destabilising the Group's companies and their employees and shareholders.
- As such, they filed a criminal complaint in October 2018 with the Public Prosecutor for price manipulation, in addition to a complaint for false allegations in November 2018.
- The speculative attacks on the share price of Casino and Rallye continued in 2019. The Casino share thus recorded a sharp decrease in April, which was exacerbated in May 2019. Given the additional Casino share collateral that had to be obtained for credit lines, and given the associated risks, Rallye and its parent companies were therefore forced to file for safeguard proceedings with the Paris Commercial Court on 21 May 2019.
- To the best of the Company's knowledge, the investigations opened by both the AMF and the Public Prosecutor in autumn 2018 are still in progress.

9. Duty of care plan

As provided for by French law No. 2017-399 of 27 March 2017 (Article L. 225-102-4 of the French Commercial Code) Rallye has established its own duty of care plan. The law requires parent companies and ordering parties to establish and implement a reasonable duty of care plan, comprising measures designed to identify risks and prevent serious violations of human rights and fundamental freedoms, serious harm to the health and safety of persons, and serious damage to the environment resulting from the operations of the company, the companies it controls, and its subcontractors and suppliers with which it has an established business relationship, when activities are associated with such a relationship.

Rallye's duty of care plan includes a map of the risks covered by the duty of care plan, which indicates very limited exposure to these risks given, in particular, its limited number of suppliers and their type (office equipment suppliers, IT equipment and services suppliers and regulated service providers, e.g. lawyers, statutory auditors, banks, consultants, etc.). Nonetheless, Rallye has established a procedure for assessing its suppliers and potential service providers. The Group has also put in place a whistleblowing system, which can also collect alerts through a dedicated email address. Lastly, it also plans to establish a system for tracking the implemented measures and assessing their effectiveness.

Given the Group's organisation and the holding activities of Rallye (whose sales are 98% comprised of Casino sales), as well as the diversity of its business and the breakdown of its suppliers and subcontractors, the primary risks and challenges addressed by duty of care are associated with the Group's operational subsidiaries. Casino and Groupe GO Sport's duty of care plans are described below.

Casino Group has deployed its own duty of care plan built on the commitments it has made to stakeholders and the initiatives it has been involved in since the early 2000s. The roles of Casino's Duty of Care Committee, established in 2017, are to:

- ensure proper implementation of French law No. 2017-399 of 27 March 2017 on the Duty of Care of Parent Companies and Ordering Parties, which is designed to identify risks and prevent serious violations of human rights and fundamental freedoms, serious harm to the health and safety of persons, and serious damage to the environment resulting from the operations of the company, the companies it controls and its supply chain;
- define the risk mapping methodology and effectively map the risks involved in the operations of the Group and its suppliers;
- analyse the findings of the risk mapping exercise;
- ensure that action plans exist and are properly applied to mitigate risks and prevent serious violations or harm;
- ensure that an alert mechanism is in place to report potential violations.

The risk mapping exercise is tracked and reviewed annually, to reflect the Group's action plans and input from stakeholders. The duty of care plan is provided in full in Chapter 3 of Casino's 2019 Universal Registration Document.

Chapter 2

CORPORATE GOVERNANCE REPORT

This chapter of the Universal Registration Document addresses all of the provisions arising from the Corporate Governance Report prepared by the Board of Directors, in accordance with Article L. 225-37 of the French Commercial Code (*Code de commerce*).

This chapter contains the section of the report on the composition of the Board of Directors, its diversity policy, directorships and offices held in other companies by each member of the Board during the financial year, Board practices and procedures, choice of executive management method, restrictions on the General Manager's powers imposed by the Board, the corporate governance code to which the Company refers, and related-party agreements governed by Article L. 225-37-4 of the French Commercial Code.

It also contains the section of the report presenting the compensation and benefits in kind awarded to the corporate officers, as well as the components of compensation due or paid to the executive corporate officer and the other corporate officers during 2019 in consideration of their term of office pursuant to Article L. 225-37-3 of the French Commercial Code, which are respectively subject to a vote at the Annual Shareholders' Meeting.

The provisions of the Company's articles of association regarding shareholder attendance and participation in Shareholders' Meetings and factors that may have an impact in the event of a public offering, as referred to in Article L. 225-37-5 of the French Commercial Code, are presented on pages 262 and 83, respectively. A table summarising the delegations of authority to issue new shares granted at the Shareholders' Meeting is provided in Chapter 1, page 32. For further information about matters addressed in the Corporate Governance Report, please see the cross-reference table provided on page 272 of this Universal Registration Document.

The Corporate Governance Report was reviewed by the Appointments and Compensation Committee on 25 March 2020 and subsequently approved by the Board of Directors on 26 March 2020. It was made available to the shareholders prior to the Annual Shareholders' Meeting.

In their audit report on the annual financial statements, the Statutory Auditors did not raise any matters as regards the information on factors that may have an impact in the event of a public offering or the fact that this report contains the other information on corporate governance required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

The safeguard proceedings pronounced against Rallye on 23 May 2019 do not have any legal effect on the governance structure, with the corporate bodies retaining their authorities and powers. Nevertheless, the proceedings have created a new context that may raise specific questions. The Board of Directors has asked to be regularly informed about any developments in the safeguard proceedings and the preparation of plans, and also wishes to be able to identify and contain potential conflicts of interest within the Board of Directors. Accordingly, the Board of Directors has decided to set up an ad hoc committee: the Safeguard Proceedings Monitoring Committee (page 79).

Corporate Governance Code

In line with the Company's policy of implementing sound governance practices, the Board of Directors refers to the Afep-Medef Code, as revised in January 2020 in particular, when drafting the Corporate Governance Report.

The Afep-Medef Code, as revised in January 2020, is available on the Company's website (http://www.rallye.fr/en).

The Board of Directors ensures that its organisation and composition are aligned with the Company's principles of good governance and, in particular, that its work is organised under satisfactory and appropriate conditions enabling it to fulfil its responsibilities, specifically with regard to voting and information given to Directors.

Accordingly, the Company applies the recommendations of the Afep-Medef Code.

The Company's situation in relation to each of the recommendations of the Afep-Medef Code is presented in the paragraph "Assessment of the conditions under which the Board of Directors operates" section of this chapter on page 80.

Board of Directors

Composition of the Board of Directors at 26 March 2020[1]

At 26 March 2020, the Board of Directors had eight members, including three members who qualified as independent within the meaning of the Afep-Medef Code (more than one-third) and four women (50%). Jean-Charles Naouri serves as Chairman of the Board, a position which is separate from that of General Manager.

Name	Position	Age on 26 March 2020	Independent Director	Audit Committee	Appointments and Compensation Committee	Safeguard Proceedings Monitoring Committee	First elected	Current term expires	Years on the Board as of the Shareholders' Meeting of 26 June 2020
Jean-Charles Naouri	Chairman of the Board	71					25 October 1993	26 June 2020	27
Philippe Charrier	Director	65	x	Chairman	Member	Member	3 June 2009	26 June 2020	11
Jacques Dumas	Director	67					19 July 1990	26 June 2020	30
Catherine Fulconis	Director	58	x		Chair	Member	13 May 2014	26 June 2020	6
Virginie Grin	Permanent representative of Finatis	52					18 May 2016	26 June 2020	4
Didier Lévêque	Permanent representative of Foncière Euris	58		Member		Member	4 June 2008	26 June 2020	12
Odile Muracciole	Permanent representative of Euris	59			Member		4 May 2011	26 June 2020	9
Anne Yannic	Director	57	x	Member		Chair	10 May 2017	26 June 2020	3
Non-voting Directors:									
Christian Paillot		72					18 May 2016	26 June 2020	4
Jean Chodron de Courcel		64					10 May 2017	26 June 2020	3

Board diversity policy

Rallye is not subject to the provisions of Articles L. 225-37-4 and R. 225-104 of the French Commercial Code.

The Board of Directors seeks to ensure that its membership is aligned with the principles of the Afep-Medef Code. With the support of the Appointments and Compensation Committee, the Board regularly reviews its size, structure and composition, as well as the size, structure and composition of its Committees. With a view to recommending candidates to the Annual Shareholders' Meeting for appointment or reappointment to the Board, the findings of such assessments are taken into account and give rise to recommendations from the Appointments and Compensation Committee.

The size of the Board is deemed appropriate. The Board's constant aim is to maintain a diverse and complementary range of skills and experience aligned with the Company's business activities, to achieve a balanced representation of men and women and to exceed the one-third quota of independent Directors recommended by the Afep-Medef Code for French companies with a controlling shareholder.

It also takes into account the Directors' willingness to be involved in the Group's development, as well as their availability.

The reappointment of Directors proposed at the Annual Shareholders' Meeting of 26 June 2020 are in keeping with this policy.

The Appointments and Compensation Committee assessed, in particular, the following aspects of the Board of Directors' composition:

Terms of office

The one-year terms of office of all the Directors expire at the Shareholders' Meeting of 26 June 2020.

Age limit

All Directors who are natural persons or who are permanent representatives of a legal entity are deemed to have automatically resigned from office at the end of the Ordinary Shareholders' Meeting held to approve the financial statements for the year during which they reach 75 years of age. No Director is currently concerned by this provision.

Representation of independent Directors

In accordance with Afep-Medef Code recommendations, the Board of Directors reviews the extent to which Directors are independent, based on the conclusions and opinions of the Appointments and Compensation Committee, which is in charge of monitoring the position of each Director with regard, if applicable, to the relationships that may exist between him/her and the Company or Group companies, which might colour his/her judgement or lead to potential conflicts of interest with the Company.

(1) Date on which the 2019 financial statements were approved by the Board of Directors.

The Appointments and Compensation Committee conducted an annual review of the independence of Directors with regard to the assessment criteria proposed by the Afep-Medef Code, detailed in the table below. The Committee presented its findings to the Board of Directors on 26 March 2020.

The Afep-Medef Code recommends the following criteria to assess a Director's independence:

Criterion 1: *not to be and not to have been within the previous five years an employee or executive corporate officer of the Company, an employee, executive corporate officer or Director of a company within the Company's consolidation scope, or of the Company's parent or a company within said parent's consolidation scope;*

Criterion 2: *not to be an executive corporate officer of a company in which the Company, directly or indirectly, holds a directorship, or in which a designated company employee or a current or former executive corporate officer holds a directorship;*

Criterion 3: *not to be (or be related either directly or indirectly to) a customer, supplier, investment banker or commercial banker of the Company or for which the Company or its Group represents a significant part of the business;*

Criterion 4: *not to have a close family relationship with a corporate officer;*

Criterion 5: *not to have been a Statutory Auditor of the Company in the past five years;*

Criterion 6: *not to have been a Director of the Company for more than 12 years (the Director no longer qualifies as independent once the 12-year limit is reached);*

Criterion 7: *not to be a non-executive corporate officer of the Company who receives variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or the Group;*

Criterion 8: *not to be and not to control or represent a shareholder that owns, either alone or acting in concert, over 10% of the share capital or 10% of the voting rights at Company Shareholders' Meetings.*

Summary analysis of the position of each Director with regard to the independence criteria of the Afep-Medef Code

Independence criteria of the Afep-Medef Code	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Criterion 8
Independent Directors								
Philippe Charrier	Y	Y	Y	Y	Y	Y	Y	Y
Catherine Fulconis	Y	Y	Y	Y	Y	Y	Y	Y
Anne Yannic	Y	Y	Y	Y	Y	Y	Y	Y
Directors not meeting independence criteria								
Jacques Dumas	N	Y	Y	Y	Y	N	N	N
Virginie Grin, representing Finatis	N	Y	Y	Y	Y	Y	N	N
Didier Lévêque, representing Foncière Euris	N	Y	Y	Y	Y	N	N	N
Odile Muracciole, representing Euris	N	Y	Y	Y	Y	Y	N	N
Jean-Charles Naouri	N	Y	Y	Y	Y	N	N	N

Note: non-compliance with the criteria is identified with an "N", and compliance with a "Y".

Every year, the Board pays particular attention to assessing independence with regards to the criteria concerning material business ties. Accordingly, the Committee noted that none of the independent Directors has a business relationship, either directly or indirectly, with the Company or with one of the Group companies.

In addition, the Board noted that none of the independent Directors whose reappointment is proposed at the Shareholders' Meeting of 26 June 2020 will reach the maximum 12-year limit in 2020.

Gender balance

In line with sound governance practice on gender diversity, the Board has had four women Directors since the 2016 Shareholders' Meeting, therefore achieving the 40% quota.

Rallye does not have a Management Committee. The percentage of women employed by Rallye in 2019 was 50% and the share of women holding management positions was also 50%.

Directors holding more than one office

No Director up for reappointment at the Annual Shareholders' Meeting holds multiple directorships. The Board of Directors' Internal Rules state that, in addition to these legal rules, Directors are required to comply with the following recommendations of the Afep-Medef Code:

- an executive Director should not hold more than two other directorships in listed companies, including foreign companies, not affiliated with his or her group. He or she must also seek the opinion of the Board before accepting a new directorship in a listed company not affiliated with his or her group;
- a non-executive Director should not hold more than four other directorships in listed companies, including foreign companies, not affiliated with his or her group. This recommendation will apply at the time of appointment or the next renewal of the term of office. Each Director must disclose to the Company any and all offices he or she holds in other French or foreign companies. He or she must inform the Company as soon as possible regarding any new office or professional function he or she accepts.

Attendance at Board meetings

The Board of Directors' Internal Rules state that Directors must devote the necessary time and attention to their duties. They must make every effort to attend all Board of Directors' meetings and Shareholders' Meetings, as well as all meetings of any Board Committees of which they are members. The Company's methods for determining and allocating Directors' compensation (formerly Directors' fees) comply with the Afep-Medef Code recommendations, according to which, in particular, the variable portion of the compensation should be linked to the Director's attendance rate.

The following table shows the attendance rate of the Directors in office at 26 March 2020 at Board and Board Committee meetings held in 2019.

	Board of Directors	Audit Committee	Safeguard Proceedings Monitoring Committee	Appointments and Compensation Committee
Jean-Charles Naouri	9/9 (100%)			
Philippe Charrier	9/9 (100%)	5/5 (100%)	8/8 (100%)	3/3 (100%)
Jacques Dumas	9/9 (100%)			-
Catherine Fulconis	9/9 (100%)		8/8 (100%)	3/3 (100%)
Virginie Grin	9/9 (100%)			-
Didier Lévêque	9/9 (100%)	5/5 (100%)	8/8 (100%)	-
Odile Muracciole	9/9 (100%)			3/3 (100%)
Anne Yannic	9/9 (100%)	5/5 (100%)	8/8 (100%)	
Jean Chodron de Courcel (non-voting Director)	9/9 (100%)			
Christian Paillot (non-voting Director)	7/9 (77%)			-

Non-voting Directors

The Company's articles of association allow for the appointment of one or more non-voting Directors, chosen from among the shareholders. They are appointed for one year and attend Board meetings. In this role, they share their observations and advice, and participate in discussions in an advisory capacity. There may not be more than five such non-voting Directors in total.

On the proposal of the Board, based on the recommendation of the Appointments and Compensation Committee, Jean Chodron de Courcel and Christian Paillot were reappointed as non-voting Directors at the Annual Shareholders' Meeting held on 15 May 2019.

Their presence on the Board of Directors fuels the debates and discussions held by Directors, due to their financial expertise and perfect knowledge of the Group and its activities.

Employee representatives on the Board of Directors

The Board of Directors is not subject to the provisions of Article L. 225-23 (Directors elected by employee shareholders accounting for more than 3% of the share capital) or Article L. 225-27 (Directors elected by virtue of the provisions of the articles of association established by the Company) of the French Commercial Code.

In accordance with the Rebsamen Law of 17 August 2015, a Director representing employees was appointed to the Board of Directors of Casino Guichard-Perrachon in 2017. It was considered that this appointment best met the law's objectives in light of the Group's core business and workforce breakdown. Consequently, Rallye is no longer exempt from appointing such a Director.

However, under the provisions of French Law No. 2019-486 on corporate growth and transformation (the "Pacte Law"):

- On one hand, Rallye is no longer exempt from the requirement to appoint a Director representing employees; and
- On the other hand, Casino no longer falls within the applicable scope of the requirement in its capacity as a subsidiary of Rallye, which itself is now subject to said requirement. Casino is therefore no longer subject to the provisions and cannot apply them voluntarily. Accordingly, the term of the current Director representing employees at Casino will expire at Casino's 2020 Annual General Meeting.

Based on the recommendation of the Appointments and Compensation Committee, the Board of Directors approved the procedure for appointing a Director representing employees.

The changes to the articles of association allowing this employee representation and setting out the relevant procedure will be proposed to the Ordinary and Extraordinary Shareholders' Meeting to be held on 26 June 2020. Subject to their approval, an employee representative will be elected within six months of the Annual Shareholders' Meeting.

Proposed composition of the Board of Directors, subject to approval at the Shareholders' Meeting of 26 June 2020

Taking into account these different items, particularly those concerning balanced gender representation and independent members, and in line with the Appointments and Compensation Committee's recommendation, the Board of Directors has decided to submit the following items for the approval of the Shareholders' Meeting:

- the reappointment of all serving Directors: Catherine Fulconis, Anne Yannic, Jean-Charles Naouri, Philippe Charrier and Jacques Dumas, and the companies Euris (represented by Odile Muracciole), Finatis (represented Virginie Grin) and Foncière Euris (represented by Didier Lévêque);
- the reappointment of Jean Chodron de Courcel and Christian Paillot as non-voting Directors.

Following the Shareholders' Meeting of 26 June 2020, the Board will therefore have eight Directors, including four women (50%), and three independent Directors (more than the one-third threshold for controlled companies recommended by the Afep-Medef Code).

Summary of changes in the composition of the Board of Directors, the Audit Committee and the Appointments and Compensation Committee

All of the proposed reappointments of Directors and non-voting Directors were approved at the Shareholders' Meeting of 15 May 2019.

Changes in the composition of the Board of Directors that took place in 2019 and reappointments proposed at the Shareholders' Meeting of 26 June 2020 are as follows:

	Shareholders' Meeting of 15 May 2019		Shareholders' Meeting of 26 June 2020	
Director	Current term expires	Reappointment	Current term expires	Reappointment
Jean-Charles Naouri	●	●	●	●
Philippe Charrier[1]	●	●	●	●
Jacques Dumas	●	●	●	●
Catherine Fulconis[1]	●	●	●	●
Euris (Odile Muracciole)	●	●	●	●
Finatis (Virginie Grin)	●	●	●	●
Foncière Euris (Didier Lévêque)	●	●	●	●
Anne Yannic[1]	●	●	●	●

(1) Independent Directors.

The composition of the Audit Committee and the Appointments and Compensation Committee has not changed since 15 May 2019.

Audit Committee	
Chairman	Philippe Charrier[1]
Members	Anne Yannic[1] Didier Lévêque
Appointments and Compensation Committee	
Chair	Catherine Fulconis[1]
Members	Philippe Charrier[1] Odile Muracciole

(1) Independent members.

The composition of the Safeguard Proceedings Monitoring Committee set up on 25 June 2019 is as follows:

Chair	Anne Yannic[1]
Members	Catherine Fulconis[1] Philippe Charrier[1] Didier Lévêque

(1) Independent members.

Executive Management

The roles of Chairman of the Board and Chief Executive have been separated since 28 February 2013. Jean-Charles Naouri serves as Chairman of the Board and Franck Hattab was appointed General Manager on 3 April 2017.

On 15 May 2019, the Board reappointed Franck Hattab as General Manager for a term that will expire at the end of the Shareholders' Meeting of 26 June 2020 called to approve the financial statements for the year ended 31 December 2019.

Powers of Executive Management

Executive Management has the broadest powers to act on behalf of the Company in all circumstances, pursuant to Article L. 225-56 of the French Commercial Code. Nevertheless, these powers must be exercised within the scope of the Company's purpose and the powers expressly conferred by law to Shareholders' Meetings and Boards of Directors. It represents the Company in its dealings with third parties.

In keeping with the Company's good governance practices, certain transactions are subject to prior authorisation by the Board of Directors due to their nature or size.

Thus, Executive Management may not, without the prior authorisation of the Board of Directors, enter into:

- any transaction likely to impact the strategy of the Company or the companies that it controls, their financial structure or business scope, and in particular may not enter into or terminate any agreement that may represent a material commitment for the Group in future;
- any transaction if it exceeds €1 million, and in particular:
  - security subscriptions and purchases, and immediate or deferred acquisitions of an interest in a group or company *de facto* or *de jure*,
  - contributions or exchanges of goods, shares, or other securities, with or without consideration,
  - acquisitions of goods or property rights,
  - actions in view of granting or obtaining loans, borrowings, credit or cash advances,
  - any derivatives transaction on equities, marketable securities, interest rate or currency hedges, such as equity swaps, total return swaps (TRSs) and options, including by the sale or purchase of call or put options,
  - transactions and settlement agreements relating to litigation,
  - disposals of real property or real property rights,
  - any total or partial transfer of equity interests, securities or any other asset or right,
  - surety grants.

These limitations of powers concern Rallye and the subsidiaries within the holding company scope, but not internal transactions between them and/or with their parent companies.

Furthermore, Executive Management has specific annual authorisations, as detailed below, particularly concerning: borrowings, credit lines and other financing agreements and cash advances; guarantees, endorsements and sureties; transactions in shares, securities and derivative products, and bond issues. These authorisations were last renewed at the Board meeting held on 13 March 2019, and took effect on 12 May 2019.

On 26 March 2020, the Board of Directors, based on the recommendation of the Appointments and Compensation Committee, decided to renew in advance and effective 26 March 2020 the specific annual authorisations granted to Executive Management, and to amend the authorisation concerning fees, that are now subject to an overall annual limit of €25 million.

Borrowings, credit lines, financing agreements and cash advances

Executive Management is authorised, for a period of one year, to negotiate and set up – and to renew, extend or replace – borrowings, including in the form of bonds and/or any other debt instrument, confirmed credit lines and any financing agreements (syndicated or not), as well as cash advances, up to an aggregate annual ceiling of €1.5 billion.

Securities, collateral and guarantees

Executive Management is authorised, for a period of one year, to provide guarantees, endorsements and sureties in the Company's name on behalf of its controlled subsidiaries in favour, particularly, of financial or banking institutions and of the Treasury department, up to an overall annual limit of €100 million.

Transactions in equities, marketable securities and interest and currency rate derivative products

Executive Management is authorised, for a period of one year, to carry out the following transactions:

- interest rate transactions, up to a monthly limit of €500 million and an overall annual limit of €1.5 billion;
- foreign exchange transactions, up to a monthly limit of €300 million and an overall annual limit of €1 billion;
- transactions – either directly or through derivative products such as equity swaps, total return swaps and options – in shares, securities, and short- or long-term investments (except controlling interests), subject to a monthly limit of €25 million (including, if applicable, the value of the underlying), and an annual limit of €100 million;
- transactions of any kind (acquisitions, disposals, exchanges, commitments and similar transactions), either directly or through derivative products such as equity swaps, total return swaps and options, subject to an annual limit (including, if applicable, the value of the underlying) of €100 million per year.

Bond issues

Executive Management is authorised, for a period of one year, to issue bonds, including as part of the EMTN programme, or any other debt instruments, with or without the right to allocate marketable securities carrying rights to shares of the Company or to the existing shares of companies controlled by Rallye and, in this respect, to set their terms and conditions and to implement all related market transactions, up to an overall annual limit of €1 billion and a monthly limit of €500 million.

As part of this delegation of powers, Executive Management is authorised to buy back previously issued bonds. These buybacks may be carried out for cash, or for new bonds to be issued, up to the monthly and annual limits set out above.

Executive Management is authorised, for a period of one year, to issue Negotiable European Commercial Paper (NEU CP) up to a separate maximum limit of €750 million.

Executive Management is also authorised, for a period of one year, to issue Negotiable European Medium-Term Notes (NEU MTN), up to a separate maximum limit of €250 million.

Note that short-term liquid investments, such as money-market funds, term deposits, and cash from borrowings, credit lines, financing agreements, cash advances and bond issues, are authorised up to the monthly and annual limits set for the transactions with which they are associated.

Compensation for all contracts or mandates held

Executive Management is authorised, for a period of one year, to pay the fees and/or commissions due in respect of contracts and mandates up to an overall annual limit of €25 million.

Taxation

Executive Management is authorised, for a period of one year, to make payments to the tax authorities on what is owed by Rallye and the subsidiaries within the holding company scope and, in this respect, make concessions and, where appropriate, take administrative or legal action.

Every transaction executed pursuant to these specific authorisations, the aggregate amount of which would exceed €25 million, is subject to the express joint approval of the General Manager and a Director of the Company.

Terms of office and positions held by members of the Board of Directors

I. Directors being proposed for reappointment at the Shareholders' Meeting of 26 June 2020

Jean-Charles Naouri

Date of birth: 8 March 1949
Business address: 83, rue du Faubourg-Saint-Honoré - 75008 Paris, France

Biography

A graduate of the École Normale Supérieure (majoring in science), Harvard University and the École Nationale d'Administration, Jean-Charles Naouri began his career as an *Inspecteur général des finances* at the French Treasury. He was appointed Chief of Staff for the Minister of Social Affairs and National Solidarity in 1982, then Chief of Staff for the Minister of the Economy, Finance and Budget in 1984. In 1987, he founded Euris, which became the controlling shareholder of Rallye in 1991 and then of Casino in 1998. Jean-Charles Naouri has been Chairman and Chief Executive Officer of Casino since March 2005.

Main executive positions

- Chairman and Chief Executive Officer of Casino, Guichard-Perrachon (listed company);
- Chairman of Euris

Offices and positions held at the Company

Office/Position	First elected/appointed	Current term expires
Director	25 October 1993	Ordinary Shareholders' Meeting of 26 June 2020
Chairman of the Board of Directors	2 April 1998	Ordinary Shareholders' Meeting of 26 June 2020

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Chairman and Principal Director of the Board of Directors of Companhia Brasileira de Distribuição (listed company in Brazil);
- Vice-Chairman and Director of Casino Corporate Foundation;
- Chairman of the Euris Foundation.

Outside the Rallye/Euris Group

- Director of Fimalac;
- Member of the Selection, Appointments and Compensation Committee of Fimalac;
- Honorary Chairman and Director of Institut de l'École Normale Supérieure.

Other offices and positions held in the past five years and no longer held

Within the Rallye/Euris Group

- Chairman and Chief Executive Officer and Director of Casino Finance;
- Chairman and Director of Cnova N.V. (listed company - Netherlands);
- Chairman and member of the Board of Directors of Wilkes Participações (Brazil);

Outside the Rallye/Euris Group

- Chairman of "Promotion des Talents", a non-profit organisation.

Number of Rallye shares held: 369

Philippe Charrier

Date of birth: 2 August 1954
Business address: 6 Avenue de l'Europe, 78400 Chatou

Biography

Philippe Charrier graduated from the École des Hautes Études Commerciales and has a diploma in accounting (DECS). He joined the Financial department of the Procter & Gamble Group in 1978, where he spent the majority of his career as Finance Director for France, Marketing Director for France, CEO for Morocco, and went on to serve as Chairman and General Manager for France until 2006. From 2006 to 2010, he was Vice-Chairman and General Manager of Oenobiol. From January 2011 to March 2016, he was Chairman of Labco SAS before being appointed General Manager of Labco SA in January 2012, then Chairman of the Board of Directors of Synlab Limited from September 2015 to March 2016. Since January 2017, he has been Executive Chairman of Ponroy Santé group, and since July 2019, General Manager of Laboratoires Mayoly Spindler.

Main position

- General Manager of Laboratoires Mayoly Spindler

Offices and positions held at the Company

Office/Position	First elected/appointed	Current term expires
Director	3 June 2009	Ordinary Shareholders' Meeting of 26 June 2020

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Chairman of the Audit Committee, member of the Appointments and Compensation Committee, and member of the Safeguard Proceedings Monitoring Committee of Rallye (listed company).

Outside the Rallye/Euris Group

- General Manager of Laboratoires Mayoly Spindler;
- Chairman of the Board of Directors of ORPEA (listed company);
- Chairman of Alphident SAS;
- Chairman of Dental Emco SAS;
- Director of Idée Consultants;
- Manager of SCI EP Investor;
- Manager of SCI Condesaint;
- Chairman of Alphident and Optic Link;
- Chairman of Alphident and General Manager of Scorpius;
- Founding member of the business club "Entreprise et handicap";
- Founder and Chairman of Clubhouse France;
- Director of UNAFAM National.

Other offices and positions held in the past five years and no longer held

- Chairman of the Board of Directors of Dental Emco SA;
- Director of Médipole Partenaires;
- Director of Lafarge (listed company);
- Chairman of the Board of Directors and Chief Executive Officer of Labco;
- Director and Chairman of Synlab Limited (United Kingdom);
- Chairman of Alphident, SAS Ponroy Santé, Lilas 1, Lilas 2, Lilas 3, Institut de Recherche Biologique (IRB), Biopha and Bio Market Holding;
- Chairman of Alphident, Director of Ponroy Vitarmonyl Hong Kong Limited
- Chairman of Alphident, Chairman and Director of Yves Ponroy SA (Switzerland);
- Member of the Supervisory Board of Lilas 1 SAS;
- Director of the Nestlé Foundation for Nutrition;
- Chairman of UNAFAM National.

Number of Rallye shares held: 1,614

Jacques Dumas

Date of birth: 15 May 1952
Business address: 83, rue du Faubourg-Saint-Honoré – 75008 Paris, France

Biography

Jacques Dumas has a Master's degree in law and is a graduate of Institut d'Études Politiques de Lyon. He began his career in the Legal department of Compagnie Française de l'Afrique Occidentale (CFAO) before becoming Administrative Director (1978-1986). He left CFAO to take up a position as Deputy Company Secretary of Rallye Group (1987) and subsequently moved to the Euris Group as Legal Affairs Director (1994). He is currently Deputy General Manager of Euris and Advisor to the Chairman of Casino, Guichard-Perrachon.

Main executive positions

- Advisor to the Chairman of Casino, Guichard-Perrachon (listed company);
- Deputy General Manager of Euris.

Offices and positions held at the Company

Office/Position	First elected/appointed	Current term expires
Director	19 July 1990	Ordinary Shareholders' Meeting of 26 June 2020

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Permanent representative of Euris, Director of Finatis (listed company);
- Member of the Audit Committee of Finatis (listed company);
- Permanent representative of Euris, Director of Casino, Guichard-Perrachon (listed company);
- Member of the Supervisory Board of Monoprix.

Outside the Rallye/Euris Group

- Director of Mercialys (listed company);
- Member of the Appointments and Compensation Committee of Mercialys (listed company);
- Manager of SCI Cognac-Parmentier and SCI Longchamp-Thiers.

Other offices and positions held in the past five years and no longer held

Within the Rallye/Euris Group

- Chairman of GreenYellow;
- Permanent representative of Cobivia on the Board of Directors of Casino, Guichard-Perrachon (listed company);
- Member of the Appointments and Compensation Committee of Rallye (listed company);
- Member of the Appointments and Compensation Committee of Casino, Guichard-Perrachon (listed company).

Outside the Rallye/Euris Group

- Member of the Audit, Risk and Sustainable Development Committee of Mercialys (listed company).

Number of Rallye shares held: 30,815

Catherine Fulconis

Date of birth: 1 September 1961
Business address: 12-16, rue Auger – 93500 Pantin, France

Biography

Catherine Fulconis is a graduate of the HEC School of Management. She started her career within the L'Oréal Group in 1985, in the Luxury Products division, and then successively held various international executive management positions over the years: Director of Marketing for Lancôme Care and Makeup from 1994 to 1998; General Manager of Parfums Lanvin and Paloma Picasso from 1998 to 2000; General Manager Europe for Kiehl's and Shu Uemura from 2000 to 2003; General Manager for the Strategic Development of the Luxury Products division from 2003 to 2005; and General Manager of Helena Rubinstein from 2005 to 2006.
Catherine Fulconis joined Hermès in 2006 as General Manager and Chair of the Executive Board of Hermès Parfums. She was then Chair and CEO of Hermès Parfums from 2010 to 2014. Since 2 March 2015, she has been General Manager of the Leather Goods - Saddlery and petit h division and member of the Board of Directors of Hermès Parfums. In April 2019, she became a member of Hermès' Executive Committee.

Main executive position

- General Manager of the Leather Goods - Saddlery and petit h division (Hermès). In April 2019, she became a member of Hermès' Executive Committee.

Offices and positions held at the Company

Office/Position	First elected/appointed	Current term expires
Director	13 May 2014	Ordinary Shareholders' Meeting of 26 June 2020

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Chair of the Appointments and Compensation Committee of Rallye (listed company);
- Member of the Safeguard Proceedings Monitoring Committee of Rallye (listed company).

Outside the Rallye/Euris Group

- Director of Hermès Parfums;
- Manager of SCI Carbet.

Other offices and positions held in the past five years and no longer held

Outside the Rallye/Euris Group

- Chair of the Board of Directors of Hermès Parfums.

Number of Rallye shares held: 480

Anne Yannic

Date of birth: 5 April 1962
Business address: 19, rue des Mégrands – 92500 Rueil-Malmaison, France

Biography

Anne Yannic, a graduate of ESSEC business school, began her career at Procter & Gamble. In 1995, she joined Atlas group, where she was appointed General Manager in 2001. In 2008, she joined Club Med (France, Belgium and Switzerland) as General Manager. In 2012, she was appointed Chair of the Executive Board of Cityvision group. From January 2016 until September 2018, she was General Manager of SETE (Eiffel Tower concession operator). In March 2019, she founded her executive coaching service Namasté Conseil, supporting executives and management teams in developing their leadership skills and business strategy projects.

Main executive position

- Independent consultant and coach

Offices and positions held at the Company

Office/Position	First elected/appointed	Current term expires
Director	10 May 2017	Ordinary Shareholders' Meeting of 26 June 2020

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Member of the Audit Committee of Rallye (listed company);
- Chair of the Safeguard Proceedings Monitoring Committee of Rallye (listed company).

Outside the Rallye/Euris Group

- Manager of Namasté Conseil;
- Manager of La Maison;
- Director of the Office du Tourisme de Paris.

Other offices and positions held in the past five years and no longer held

Within the Rallye/Euris Group

None.

Outside the Rallye/Euris Group

- General Manager of SETE;
- Chair of Financière TXL;
- Director of Syndicat du Voyage (SNAV);
- Member of the Office du Tourisme de Paris.

Number of Rallye shares held: 450

Euris

French simplified joint stock company (*société par actions simplifiée*) with share capital of €164,806
Registered office: 83, rue du Faubourg-Saint-Honoré – 75008 Paris, France
Registration no. 348 847 062 R.C.S. Paris

Offices and positions held at the Company

Office/Position	First elected/appointed	Current term expires
Director	8 June 2005	Ordinary Shareholders' Meeting of 26 June 2020

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Director of Casino, Guichard-Perrachon, Finatis and Foncière Euris (listed companies).

Other offices and positions held in the past five years and no longer held

None.

Number of Rallye shares held: 419

Permanent representative of Euris: Odile Muracciole, since 15 December 2017

Date of birth: 20 May 1960
Business address: 83, rue du Faubourg-Saint-Honoré – 75008 Paris, France

Biography

After receiving her advanced studies diploma in employment law, Odile Muracciole began her career as head of the Legal department at the petroleum group Alty. She joined Euris in 1990 as Manager of Legal Affairs.

Main executive position

- Legal Manager of Euris.

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- CEO of Matignon Abbeville, Parinvest, Pargest and Parande;
- Chair of Pargest Holding and Saris;
- Member of the Appointments and Compensation Committee of Rallye (listed company);
- Director of employment law matters at Casino;
- Permanent representative of Matignon Diderot on the Board of Directors of Casino, Guichard-Perrachon (listed company);
- Permanent representative of Finatis (listed company) on the Board of Directors of Carpinienne de Participations (listed company);
- Permanent representative of Euris on the Board of Directors of Foncière Euris (listed company);
- Permanent representative of Par-Bel 2 on the Board of Directors of Finatis (listed company);
- Representative of Saris, Manager of Euriscom;
- Member of the Supervisory Board of Centrum Development (Luxembourg);
- Director of the Euris Foundation.

Outside the Rallye/Euris Group

- Member of the Board of Directors of Wansquare.

Other offices and positions held in the past five years and no longer held

Within the Rallye/Euris Group

- Permanent representative of Saris on the Board of Directors of Rallye (listed company);
- Member of the Supervisory Board of Centrum Krakow (Luxembourg).

Number of Rallye shares held: 82,649

Finatis

French joint stock company *(société anonyme)* with share capital of €84,646,545
Registered office: 83, rue du Faubourg-Saint-Honoré – 75008 Paris, France
Registration no. 712 039 163 R.C.S. Paris

Offices and positions held at the Company

Office/Position	First elected/appointed	Current term expires
Director	2 June 1998	Ordinary Shareholders' Meeting of 26 June 2020

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Director of Carpinienne de Participations, Casino, Guichard-Perrachon and Foncière Euris (listed companies).

Other offices and positions held in the past five years and no longer held

None.

Number of Rallye shares held: 348

Permanent representative of Finatis: Virginie Grin, since 18 May 2016

Date of birth: 21 September 1967
Business address: 83, rue du Faubourg-Saint-Honoré – 75008 Paris, France

Biography

Virginie Grin is a graduate of HEC School of Management and holds a Bachelor's degree in accounting and finance.
She was Vice-President of Turbo France Tours in 1989 and 1990, then Senior TaskForce Manager at Ernst & Young Entrepreneurs from 1990 to 1994.
She joined the Euris group in 1994 as Executive Assistant and was appointed Deputy Company Secretary in 2008.

Main executive position

- Deputy Company Secretary of Euris SAS.

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Permanent representative of Saris SAS on the Board of Directors of Carpinienne de Participations SA (listed company);
- Permanent representative of Matignon Diderot SAS on the Board of Directors of Finatis SA (listed company);
- Permanent representative of Matignon Diderot SAS on the Board of Directors of Foncière Euris SA (listed company);
- Director, Treasurer and Secretary of Euristates Inc. and Euris Real Estate Corporation (EREC);
- Member of the Supervisory Board of Centrum Krakow SA, Centrum Baltica SA, Centrum Poznan SA and Centrum Warta SA;
- Co-Manager of SNC Delano Participations.

Other offices and positions held in the past five years and no longer held

Within the Rallye/Euris Group

- Director, Treasurer and Secretary of Euris North America Corporation (ENAC) et Parande Brooklyn Corp. (United States);
- Director of Euris Limited (United Kingdom);
- Member of the Supervisory Board of Centrum Weiterstadt SA (Luxembourg).

Number of Rallye shares held: 56,805

Foncière Euris

French joint stock company *(société anonyme)* with share capital of €148,699,245
Registered office: 83, rue du Faubourg-Saint-Honoré – 75008 Paris, France
Registration no. 702 023 508 R.C.S. Paris

Offices and positions held at the Company

Office/Position	First elected/appointed	Current term expires
Director	25 October 1993	Ordinary Shareholders' Meeting of 26 June 2020

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Director of Casino, Guichard-Perrachon (listed company);
- Chair of Marigny Foncière, Mat-Bel 2 and Matignon Abbeville.

Other offices and positions held in the past five years and no longer held

Within the Rallye/Euris Group

- Chair of Marigny Belfort.

Number of Rallye shares held: 30,462,478

Permanent representative of Foncière Euris: Didier Lévêque, since 4 June 2008

Date of birth: 20 December 1961
Business address: 83, rue du Faubourg-Saint-Honoré – 75008 Paris, France

Biography

Didier Lévêque is a graduate of HEC School of Management. From 1985 to 1989, he served as Research Analyst in the Finance department of the Roussel-UCLAF Group. He joined Euris in 1989 as Deputy Company Secretary. He was appointed Company Secretary in 2008.

Main executive positions

- Company Secretary of Euris;
- Chairman and CEO of Finatis (listed company).

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Chairman and Chief Executive Officer of Carpinienne de Participations (listed company), Euristates Inc. and Euris Real Estate Corporation (EREC) (United States);
- Member of the Audit Committee and the Safeguard Proceedings Monitoring Committee of Rallye (listed company);
- Member of the Appointments and Compensation Committee and the Audit Committee of Foncière Euris (listed company);
- Chairman of Par-Bel 2 and Matignon Diderot;
- Member of the Supervisory Board of Centrum Baltica, Centrum Development, Centrum Krakow, Centrum Poznan and Centrum Warta (Luxembourg);
- Permanent representative of Finatis, Director of Foncière Euris (listed company);
- Permanent representative of Finatis, Director of Casino, Guichard-Perrachon (listed company);
- Representative of Matignon Diderot, Manager of SCI Penthièvre Neuilly;
- Co-manager of Silberhorn (Luxembourg);
- Director and Treasurer of the Euris Foundation.

Outside the Rallye/Euris Group

- Member of the Board of Directors of Wansquare.

Other offices and positions held in the past five years and no longer held

Within the Rallye/Euris Group

- Chairman and Chief Executive Officer of Euris North America Corporation (ENAC);
- Chairman of the Board of Directors, Vice-Chairman and Director of Cnova N.V. (listed company – Netherlands);
- Chairman and Chief Executive Officer of Parande Brooklyn Corp. (United States);
- Permanent representative of Foncière Euris, Director of Casino, Guichard-Perrachon (listed company);
- Member of the Supervisory Board of Centrum Weiterstadt (Luxembourg).
- Director of Euris Limited (United Kingdom).

Outside the Rallye/Euris Group

- General Manager of SARL EMC Avenir 2.

Number of Rallye shares held: 101,125

II. Non-voting Directors whose reappointment is proposed at the Shareholders' Meeting of 26 June 2020

Jean Chodron de Courcel

Date of birth: 14 May 1955

Biography

Jean Chodron de Courcel is a graduate of HEC School of Management and an alumnus of the École Nationale d'Administration. After holding various positions within the government and in ministerial offices, Jean Chodron de Courcel joined the executive management of the Schneider group in 1990, where he served as Chief Financial Officer from 1991 to 1995. In 1997, he joined the executive management team of the Crédit Agricole Indosuez group. From 1995 to 1997, he was Deputy Private Secretary to Prime Minister Alain Juppé. He was Deputy Managing Director of the Penauille Polyservices SA group. From 2008 to 2012, he held the positions of Senior Advisor, then that of Vice-Chairman – Europe with Canaccord Genuity Hawkpoint. He has been Manager of Semper Consulting since 2013.

Main executive position

- Manager of Semper Consulting.

Offices and positions held at the Company

Office/Position	First elected/appointed	Current term expires
Non-voting Director	10 May 2017	Ordinary Shareholders' Meeting of 26 June 2020

Other offices and positions held in 2019 and continuing as of 26 March 2020

Outside the Rallye/Euris Group

- Manager of Semper Consulting.

Other offices and positions held in the past five years and no longer held

Outside the Rallye/Euris Group

- Director of Rallye (listed company);
- Chairman of the Appointments and Compensation Committee and member of the Audit Committee of Rallye (listed company).

Number of Rallye shares held: 376

Christian Paillot

Date of birth: 9 September 1947

Offices and positions held at the Company

Office/Position	First elected/appointed	Current term expires
Non-voting Director	18 May 2016	Ordinary Shareholders' Meeting of 26 June 2020

Biography

Christian Paillot has spent most of his career in manufacturing and the distribution of photographic, video, and hi-fi equipment. He set up and developed the businesses of Akai, Konica and Samsung in France. Between 2010 and 2012, he was Deputy Chairman of the French Equestrian Federation, and until 2014, Member of the International Equestrian Federation and Deputy Chairman of the European Equestrian Federation. He is currently Chairman of Paillot Equine Consulting Inc., Martina LLC and Celina LLC.

Main executive position

- Chairman of Paillot Equine Consulting Inc., Martina LLC and Celina LLC.

Other offices and positions held in 2019 and continuing as of 26 March 2020

Outside the Rallye/Euris Group

- Chairman of US companies Paillot Equine Consulting Inc., Martina LLC and Celina LLC.

Other offices and positions held in the past five years and no longer held

Outside the Rallye/Euris Group

- Manager of Écurie du Haras de Plaisance;
- Manager of SCI Parim;
- Director of Rallye (listed company).

Number of Rallye shares held: 1,055

Executive Management

Franck Hattab, General Manager

Date of birth: 14 November 1971
Business address: 83 rue du Faubourg Saint-Honoré – 75008 Paris, France

Biography

Franck Hattab graduated from EDHEC and started his career in 1994 as a Credit Analyst at Société Générale. He later held the positions of Auditor at KPMG for three years before joining the Finance Department of Rallye in 1999, where he acted as the Chief Financial Officer. He was appointed Deputy General Manager of Rallye on 28 February 2013, then General Manager of Rallye on 3 April 2017.

Main executive position

- General Manager of Rallye.

Other offices and positions held in 2019 and continuing as of 26 March 2020

Within the Rallye/Euris Group

- Chief Executive Officer of Cobivia and L'Habitation Moderne de Boulogne;
- Chairman of the Board of Directors of Miramont Finance et Distribution;
- Chairman and member of the Supervisory Board of Groupe GO Sport.

Other offices and positions held in the past five years and no longer held

Within the Rallye/Euris Group

- Chief Executive Officer of Alpétrol;
- Permanent representative of L'Habitation Moderne de Boulogne on the Board of Directors of La Bruyère;
- Permanent representative of Rallye (listed company) on the Board of Directors of Miramont Finance et Distribution;
- Permanent representative of Alpétrol, Director of Groupe GO Sport;
- Permanent representative of Matignon Sablons on the Board of Directors of La Bruyère.

Number of Rallye shares held: 58,307

Organisation and functioning of the Board of Directors

Preparation and organisation of the work of the Board of Directors

The requirements governing the preparation and organisation of the work of the Board of Directors are defined by law, by the Company's articles of association, by the Board's Internal Rules, and by the charters of the Special Committees set up within it.

› Organisation and procedures of the Board of Directors

Since 28 February 2013, the functions of Chairman of the Board of Directors, a position held by Jean-Charles Naouri, and General Manager have been separate.

Powers of the Chairman of the Board of Directors

Within the Board of Directors, the Chairman organises and directs the activities of the Board, and reports thereon to the Shareholders' Meeting.

He convenes meetings of the Board of Directors and is in charge of setting the agenda and producing the minutes of these meetings. He ensures that the Company's management bodies function correctly and that the Directors are able to perform their duties. The Chairman of the Board of Directors does not hold any other function.

Board of Directors' Internal Rules

The organisation and functioning of the Board of Directors are subject to the Internal Rules adopted in December 2003, and last revised by the Board of Directors on 7 March 2018. They include and specify the different rules that are applicable by law, the regulations and the Company's articles of association. They include the corporate governance principles with which they ensure compliance.

The Internal Rules describe the functioning, powers, authorisations and duties of the Board of Directors and of its Special Committees: the Audit Committee and the Appointments and Compensation Committee. They describe the limits to the powers of Executive Management.

The Internal Rules set out the principle of formal and regular assessments of the functioning of the Board of Directors.

They also spell out the terms and conditions for its meetings and deliberations and, in particular, enable Directors to attend Board meetings by videoconference and by any other means of telecommunication.

They incorporate the rules of conduct applicable to members of the Board of Directors as set out below in the "Code of conduct" section on page 80.

The Internal Rules of the Board of Directors may be consulted on the Company's website at: http://www.rallye.fr/en.

Information provided to Directors

The terms governing the Board's right to information and communication, as defined by the law, and the related duty of confidentiality, are specified in the Board of Directors' Internal Rules.

Under Article L. 225-35 of the French Commercial Code, the Chairman or General Manager of the Company provides each member of the Board with all the documents and information necessary for the performance of their duties.

All the necessary information relating to the subjects to be discussed by the Board of Directors is provided to its members prior to each Board meeting. Accordingly, each Board member receives a preparatory file containing information and documents, provided that such documents are available and depending on the progress status of the files, relating to the subjects on the agenda. A secure platform installed in 2016 introduced the process of digitalisation of the work files used by the Board and its Special Committees for its meetings.

Under the Board's Internal Rules, Executive Management reports to the Board of Directors at least once a quarter on the Company's business and that of its main subsidiaries, including information on sales and results. Executive Management also provides the Board with the schedule of borrowings, the position of the credit lines available to the Group and a list of the Company's employees and those of its main subsidiaries.

Once every six months, the Board of Directors also reviews the Group's off-balance sheet commitments.

When Directors start their term of office, they receive all the information necessary for the performance of their duties, and they may request any document they deem necessary. Meetings with the senior managers of the Company and its subsidiaries are also organised.

Executive Management and the Company Secretary are available to Directors to provide them with any information or explanations as needed.

If they deem it necessary to perfect their knowledge, each Director may take advantage of additional training regarding the Group's specific situation, its businesses and sectors of activity, as well as aspects of the Group's finances and accounting.

› Role and responsibilities of the Board of Directors

Pursuant to the provisions of Article L. 225-35 of the French Commercial Code, the Board of Directors determines the Company's business strategy and monitors its implementation. Subject to powers expressly granted at Shareholders' Meetings and within the limit of the Company's corporate purpose, it handles any matters relating to the Company's proper functioning and votes on the matters for which it is responsible. It also carries out all the checks and verifications it deems necessary.

The Board of Directors also reviews and approves the parent company and consolidated annual and interim financial statements. It presents reports on the business activities and performance of the Company and its subsidiaries, and approves the Company's management forecasts. It also reviews the Corporate Governance Report prior to its approval. It determines Executive Management's method of conducting business, whether the offices of Chairman and General Manager are to be combined or split, and appoints its Chairman, General Manager and Deputy General Manager. It also sets the compensation of corporate officers. It awards stock options and free shares. It is called upon to deliberate every year with regard to the Company's policy on equal opportunities and equal pay for men and women.

With respect to limitations on the powers of Executive Management, certain significant transactions are subject to the Board's prior authorisation due to their nature and/or amount (see page 66).

Activity of the Board of Directors during the past year

In 2019, the Board of Directors met nine times. The attendance of Directors at these meetings was 100%.

› Approval of the financial statements – Business activity of the Company and its subsidiaries

The Board of Directors reviewed and approved the financial statements of the Company and the Group for the year ended 31 December 2018 and the interim financial statements of the Group for the first half of 2019, together with the related reports and the Company's management forecasts. Its review also covered the business performance of the Company and its subsidiaries, the business outlook and the Company's detailed financial position, and took into account the opinion of the Audit Committee and the Statutory Auditors' audit opinion. The Board reviewed and approved the wording of the Group's press releases.

It approved the reports and the text of the resolutions submitted to the Ordinary and Extraordinary Shareholders' Meeting held on 15 May 2019. It also took note of the Group's business activity for each quarter, its number of employees, as well as its level of debt and available sources of funds.

The Board of Directors was informed of the status and development of Casino Group's asset disposal plan covering non-core assets as part of the transformation of its model and to accelerate the deleveraging process in France as well as the simplification of operations in Latin America and refinancing transactions intended to strengthen Casino's liquidity and financial structure.

The Board of Directors also authorised the request to initiate safeguard proceedings for Rallye and its concerned subsidiaries, in line with the decision of the Paris Commercial Court.

The Board of Directors decided to temporarily modify Rallye's governance during the safeguard proceedings and to set up a Safeguard Proceedings Monitoring Committee.

As part of the safeguard proceedings, the Board of Directors was regularly informed of the status of the safeguard proceedings, particularly concerning the preparation of the draft plans of the Company and its subsidiaries, and relationships with the Company's banks. In this context, the Board was presented with the work undertaken, analyses conducted by the Company's financial and legal advisers, and particularly the reports and analyses of the Accuracy consulting firm.

The Board of Directors examined and authorised the planned restructuring of derivatives transactions of Rallye and its subsidiaries, Cobivia and L'Habitation Moderne de Boulogne.

The Board of Directors was given a detailed presentation on the draft safeguard plans concerning the claims secured by Casino shares, the September 2018 credit line of €500 million and unsecured claims. In this regard, the Board of Directors approved the procedures for paying the liabilities of Rallye and its subsidiaries, Cobivia, L'Habitation Moderne de Boulogne and Alpétrol. Detailed information on the safeguard proceedings can be found on page 12 of Chapter 1 of this Universal Registration Document.

The Board of Directors received a report on gender equality within the Company.

The Board of Directors approved the Corporate Governance Report.

In accordance with Article L. 225-40-1 of the French Commercial Code, the Board of Directors reviewed and approved the related-party agreements concluded during past years that remain in effect.

› Governance

The Board of Directors conducted the annual review of the Appointments and Compensation Committee's conclusions on the Company's situation with regard to applying corporate governance principles, and more specifically, concerning the composition and organisation of the Board and its Special Committees, the independence of Directors and the gender balance on the Board for the process of renewing the directorships that expired at the Shareholders' Meeting held on 15 May 2019.

In connection with the reappointment of Franck Hattab as General Manager, the Board of Directors maintained the limitation of Executive Management's powers and renewed the specific annual authorisations for borrowings, credit lines, other financing agreements and cash advance contracts, guarantees, endorsements and securities, transactions in equities, marketable securities, derivative products and bond issues.

The Board of Directors approved the procedures for appointing a Director representing employees, which is now a requirement of the Board, pursuant to the Pacte Law, and decided to propose amending the Company's articles of association at the 2020 Shareholders' Meeting.

› Compensation

The Board of Directors determined the 2018 variable compensation of Franck Hattab in his capacity as General Manager. It approved the underlying principles, structure and components used to determine his overall compensation package as General Manager for 2019. It also approved the specific report disclosing the components of compensation to be submitted for shareholder approval. The Chairman of the Board of Directors does not receive any fixed or variable compensation other than Directors' compensation, which is halved for Directors representing the majority shareholder.

It also examined the terms for allocating 2018/2019 compensation (formerly Directors' fees) to Directors, non-voting Directors and members of the Board's Special Committees. It decided on the award of bonus shares to the executives and employees of the Group and its affiliates, subject to the conditions of continued employment and performance.

The Board of Directors was informed about all the work of its Committees, as described below.

Special Committees of the Board of Directors

The Board of Directors is assisted by three Special Committees: the Audit Committee, the Appointments and Compensation Committee and, since 25 June 2019, the Safeguard Proceedings Monitoring Committee.

The Committees are composed exclusively of Directors. Committee members are appointed by the Board of Directors, which also appoints the Chairman of each Committee.

The Chairman of the Board of Directors and the General Manager are not members of any Committee.

The authorities and specific methods of operation of the Audit Committee and Appointments and Compensation Committee were defined by the Board of Directors when they were created, and incorporated into the Internal Rules together with a specific charter for each of them. The authorities of the Safeguard Proceedings Monitoring Committee were set by the Board of Directors on 25 June 2019.

The Committees report to the Board of Directors on their work and submit to it their opinions and recommendations.

› Audit Committee

Composition at 26 March 2020

	Position	Independence	First appointed/ last reappointed	Number of meetings	Attendance rate
Philippe Charrier	Chairman	*	13 May 2013	4	100%
Anne Yannic	Member	*	10 May 2017	4	100%
Didier Lévêque	Member		15 December 2017	4	100%
Independence rate		67%			

The Audit Committee has three members, two of whom are independent (i.e., two-thirds): Philippe Charrier (Chairman), and Anne Yannic. The third member is Didier Lévêque. They are appointed for the duration of their term of office as Director.

All members of the Audit Committee hold or have held executive or management positions and, as such, have the financial or accounting expertise required under Article L. 823-19 of the French Commercial Code.

Duties

The Audit Committee is responsible for assisting the Board of Directors in reviewing the annual and interim financial statements, and in dealing with events likely to have a material impact on the position of the Company or its subsidiaries in terms of commitments and/or risks, compliance with laws and regulations, and any potential material litigation.

In this regard, in accordance with Article L. 823-19 of the French Commercial Code and under the exclusive and joint responsibility of the Board of Directors, it monitors questions relating to the preparation and auditing of accounting and financial information.

Specifically, it is responsible for monitoring the process by which financial information is prepared, the effectiveness of internal control and risk management systems, the legally required audit of the annual and consolidated financial statements by the Statutory Auditors and the independence of the Statutory Auditors.

In particular, the Audit Committee reviews the procedures for approving the financial statements and the work undertaken by the Statutory Auditors.

The Audit Committee holds a meeting with the Statutory Auditors once a year without any Executive Management members being present.

The Audit Committee charter specifies organisational and operational rules, as well as the Committee's expertise and role.

Activity in 2019

In connection with the approval of the interim and annual financial statements, the Audit Committee verified the accounts closing process and took note of the Statutory Auditors' analysis that included, in particular, a review of all consolidation procedures and of the Company's financial statements. The Committee also reviewed off-balance sheet commitments, risks and accounting options selected with regard to provisions, together with the applicable legal and accounting changes. It was informed about the audit plan and the fees paid in 2019 to the Statutory Auditors. The Committee reviewed the wording of the draft press releases relating to the annual and interim financial statements.

The Committee also reviewed the Finance and Accounting department's report on risks and off-balance sheet commitments, and Rallye's risk prevention documents.

The Audit Committee was also kept informed before the Board of Directors' meeting of the proposed request to initiate safeguard proceedings with the Paris Commercial Court for Rallye and its subsidiaries.

The Committee was informed about the Statutory Auditors' findings on procedures relating to the processing and preparation of accounting and financial information.

In accordance with the provisions of Article L. 823-16 of the French Commercial Code, the Audit Committee reviewed the Statutory Auditors' additional report.

In connection with the Board of Directors' annual review, the Committee reviewed the related-party agreements entered into in past years that remained in effect, and recommended to the Board the continuation thereof.

In accordance with the provisions of the European statutory audit reform (Regulation (EU) No. 537/2014 and Directive 2014/56 dated 16 April 2014) transposed into French law by the government order of 17 June 2016, the Audit Committee implemented a procedure to renew KPMG's expiring term, with no call for tenders issued. The Audit Committee subsequently recommended to the Board of Directors that it renew KPMG's term as Statutory Auditor.

The Committee expressed a favourable opinion on the update of the approval procedure of non-audit services by the Audit Committee, in place since 2016 and included as an appendix to the Audit Committee charter.

The Committee also authorised several non-audit engagements.

The Audit Committee was also informed of the status of legal proceedings brought in relation to the attacks against the Group.

The members held a meeting with the Statutory Auditors without any Executive Management members being present.

The Chairman of the Audit Committee reported to the Board on the work performed at each of these meetings.

› Appointments and Compensation Committee

Composition at 26 March 2020

	Position	Independence	First appointed/ last reappointed	Number of meetings	Attendance rate
Catherine Fulconis	Chair	*	10 May 2017	3	100%
Philippe Charrier	Member	*	10 May 2017	3	100%
Odile Muracciole	Member		18 May 2016	3	100%
Independence rate		67%			

The Appointments and Compensation Committee has three members, two of whom are independent: Catherine Fulconis (Chair) and Philippe Charrier. The third member is Odile Muracciole. They are appointed for the duration of their term of office as Director.

The Chairman of the Board of Directors takes part in the selection process for new Directors.

Duties

The Appointments and Compensation Committee is responsible, in particular, for helping the Board of Directors review candidates for Executive Management positions, selecting new Directors based on set criteria, evaluating the independence of Directors, defining and monitoring policies for senior executives' compensation and stock option and free share grants. If applicable, it also reviews the benefits and other forms of compensation of senior executives. It also oversees the correct application of corporate governance rules and the absence of potential conflicts of interests.

It reviews the composition, size and organisation of the Board of Directors and its Committees on an annual basis in order to make recommendations on the appointment or reappointment of Directors.

The Appointments and Compensation Committee established a charter, confirming its powers and authorities with regard to the assessment of the Board of Directors' performance and verifying that the corporate governance principles and code of conduct are being properly applied and adhered to.

Activity in 2019

The Committee performed its annual review of the organisation and functioning of the Board of Directors and its Special Committees, as well as of the correct application of corporate governance principles in accordance with the Afep-Medef Corporate Governance Code and the provisions of the Internal Rules.

It examined each Director's situation with regard to dealings with Group companies that might compromise their freedom of judgement or entail conflicts of interest, in particular with respect to the applicable criteria defined in the Afep-Medef Corporate Governance Code.

The Committee expressed a favourable opinion on the continued separation of the office of Chairman from that of General Manager and, in light of the above, approved the proposed reappointment of Franck Hattab as General Manager and Jean-Charles Naouri as Chairman of the Board of Directors. Upon the reappointment of the General Manager, the Committee made recommendations on the continuation of the specific annual authorisations granted to him.

The Committee expressed a favourable opinion on the proposed reappointment of Directors and non-voting Directors, submitted for approval at the Shareholders' Meeting of 15 May 2019.

The Committee expressed a favourable opinion on the variable component of the General Manager's compensation for 2018.

In respect of the review of the components of the 2019 compensation and benefits in kind for the General Manager, the Committee took note of findings of a study carried out by an external specialist firm. It expressed a favourable opinion on the principles for determining the General Manager's 2019 compensation as approved by the Board of Directors on 13 March 2019 and approved at the Shareholders' Meeting of 15 May 2019.

It examined the Board of Directors' Corporate Governance Report, as well as other information related to corporate governance and compensation for corporate officers.

The Committee also reviewed the award of free shares to managerial staff and employees of the Company and related companies, as well as the 2018/2019 compensation (formerly Directors' fees) to be awarded to Board members, non-voting Directors, and members of the Special Committees. In this context, the Appointments and Compensation Committee took note of an internal study on practices for allocating Directors' compensation (formerly Directors' fees) across a sample of SBF 120 companies, excluding CAC 40 companies, as well as from Group companies.

The Committee reviewed the principle and the proposed procedures for appointing a Director representing employees, which has been a requirement of Rallye's Board of Directors since the Pacte Law of 22 May 2019. In this regard, the Committee asked the Board of Directors to approve the appointment of a Director representing employees by the most representative union within the Group.

The Chairman of the Committee reported to the Board of Directors on the work of the Appointments and Compensation Committee.

› Safeguard Proceedings Monitoring Committee

Composition at 26 March 2020

	Position	Independence	First appointed/ last reappointed	Number of meetings	Attendance rate
Anne Yannic	Chair	*	25 June 2019	8	100%
Philippe Charrier	Member	*	25 June 2019	8	100%
Catherine Fulconis	Member	*	25 June 2019	8	100%
Didier Lévêque	Member		25 June 2019	8	100%
Independence rate		75%			

The Safeguard Proceedings Monitoring Committee has four members: Anne Yannic, Chair, Catherine Fulconis and Philippe Charrier, independent Directors, and Didier Lévêque, who are appointed for the duration of their term of office as Director.

Duties

At its meeting on 25 June 2019, the Board of Directors decided to set up a specific governance framework in connection with the safeguard proceedings initiated for the Company, its subsidiaries, HMB, Cobivia, Alpétrol, and its parent companies.

The Board of Directors therefore set up an ad hoc committee, the Safeguard Proceedings Monitoring Committee. Three quarters of the Committee's members are independent Directors including its Chair, and it is responsible for dealing with issues arising from the safeguard proceedings, particularly:

- monitoring the safeguard proceedings and in particular preparing the plan;
- addressing any conflicts of interest on the Board (presence of separate non-controlling interests in each of the listed companies concerned);
- informing the Board of Directors of the status of the proceedings;
- preparing matters to be submitted to the Board of Directors in relation to the proceedings.

These arrangements are designed to ensure that the Rallye's governance mechanisms are appropriate and that the Board of Directors:

- is regularly informed of the status of the safeguard proceedings and preparation of the plans;
- and is able to identify and manage potential conflicts of interest on the Board.

Activity in 2019

As part of its role, the Committee was regularly informed on the status of the safeguard proceedings, and kept abreast of all associated transactions.

The Committee was informed of discussions held with the banks concerned regarding the restructuring of derivatives transactions, and was responsible for reviewing the terms of the resulting draft agreements, which were signed in November 2019, in order to make a recommendation to the Board of Directors.

The Committee was also informed about the declaration of claims, and of any disputes, as well as the status of related legal proceedings.

The Committee monitored the various steps in the process of preparing the liability repayment proposals of Rallye and its subsidiaries Cobivia, l'Habitation Moderne de Boulogne and Alpétrol, and consequently reviewed the principles adopted and the proposed draft safeguard plans, reporting thereon to the Board of Directors and recommending their approval as they were drafted when filed with the Court Registrar on 11 and 18 December 2019 and then approved by the Paris Commercial Court.

In this respect, the Committee was given a presentation by the Company's financial and legal advisers on the work undertaken to prepare plans; and particularly the analyses and findings of the Accuracy consulting firm.

The Chair of the Committee reported to the Board of Directors on the work of the Safeguard Proceedings Monitoring Committee.

Assessment of the conditions under which the Board of Directors operates

Pursuant to the Corporate Governance Code, the Internal Rules provide for an annual discussion and regular assessment of the functioning of the Board of Directors, to be performed by the Appointments and Compensation Committee, with assistance from an external consultant if it so chooses.

The latest assessment of the organisation and functioning of the Board of Directors was conducted during the first quarter of 2017, using the responses to a questionnaire sent to each Director. A specific assessment of the effective contribution of each Director to the Board's work, as recommended by the Afep-Medef Code, was not performed. However, the responses and comments made by the Directors were sufficient to assess the involvement of each of the Board members. Implementation of this recommendation will be reviewed during the next assessment scheduled to take place in 2020.

The assessments and observations made by the members of the Board of Directors indicated that the organisation and operations of the Board were entirely satisfactory with respect to ethics and proper corporate governance.

Code of conduct

The Board of Directors' Internal Rules describe the code of conduct applicable to Board members. The code states that each Director must fulfil his or her duties in full compliance with the rules of independence, business ethics, loyalty and integrity. It includes the disclosure rules applicable to Directors, their obligation to protect the Company's interests, to avoid and manage conflicts of interest, to make every effort to attend all meetings of the Board, and, if applicable, its Committees, as well as all Shareholders' Meetings, to protect confidential information and for Directors appointed by the Shareholders' Meeting to hold shares in the Company. Measures regarding the prevention of insider trading are also included in the stock market code of conduct issued in 2017, which is referred to directly in the Internal Rules. These documents are available on the Company's website (http://www.rallye.fr/en).

The Internal Rules specify that before accepting office, Directors must familiarise themselves with all legal and regulatory requirements concerning their position, with the applicable codes and best governance practices and with any provisions specific to the Company set out in its articles of association and the Internal Rules.

As regards rules on avoiding and managing conflicts of interest, the Internal Rules specify that all Directors are required to advise the Board of any actual or potential conflicts of interest in which they might be directly or indirectly involved and in such a case to abstain from taking part in the discussion and vote on the matter concerned. Each Director is additionally required to consult with the Chairman before engaging in any activity or accepting any position or obligation that could result in a conflict of interest or a potential conflict of interest. The Chairman may examine these issues with the Board of Directors.

Shares held by members of the Board of Directors

The Internal Rules require all Directors elected by the shareholders, whether individuals, legal entities or permanent representatives, to hold shares worth the equivalent of one year's compensation (formerly Directors' fees) assessed on the date of acquisition. Shares held to meet this requirement must be held in registered form.

To the best of the Company's knowledge there are no restrictions on the sale of Company shares by the members of the Board of Directors, apart from the requirements implemented by the Group in accordance with the stock market code of conduct or, more generally, set by the laws and regulations to prevent insider trading.

Preventing insider trading

The stock market code of conduct adopted in 2017 includes (i) a description of applicable laws and regulations, (ii) a definition of inside information, (iii) measures the Company has taken to prevent insider trading, (iv) obligations applicable to individuals with access to inside information and (v) the penalties for non-compliance. In addition, it states that each of Rallye's publicly traded subsidiaries and parent companies have their own stock market code of conduct.

The code applies to all Directors, senior executives and related persons, as well as more generally to employees and any person who may have access to inside information.

The stock market code of conduct and the Board of Directors' Internal Rules both require that a blackout period concerning any transactions in the Company's shares and financial instruments be observed:

- for 30 calendar days prior to the publication by the Company of a press release announcing annual and interim results and on the date of publication;
- for 15 calendar days prior to the publication by the Company of a press release announcing quarterly financial information, if applicable, and on the date of publication;
- from the time of obtaining inside information until such time as the information is no longer confidential or until it becomes public.

The code also includes provisions governing insider lists, and the declarations required from corporate officers, related persons and from individuals with "close personal ties" to members of the Board of Directors with respect to their transactions in Company shares.

Other information about Directors and executive corporate officers

There are no family ties between the members of the Board of Directors currently in office. To the Company's knowledge, none of the members of the Board of Directors or Executive Management, has, in the past five years, been found guilty of fraud or has, as a senior executive, been associated with bankruptcy, receivership or liquidation (as understood under French insolvency laws). Furthermore, no judgement and/or official public penalty (understood as a conviction for economic and financial matters) has been pronounced against them by any statutory or regulatory authority, and no court of law has prevented them from acting as members of an administrative, management or supervisory body of a listed company, nor from taking part in the management or supervision of a listed company's affairs.

Conflicts of interest in corporate bodies and Executive Management – related-party agreements

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. It also receives strategic advice from Euris, its ultimate parent company, of which Jean-Charles Naouri is Chairman and majority shareholder. Euris provides permanent advisory services on strategy, under the terms of an agreement dated 2003 and subsequently amended four times (on 16 June 2008, 28 January 2015, and 16 and 14 March 2017), approved by the Annual Shareholders' Meeting under the procedure applicable to related-party agreements and commitments, with subsequent amendments to that agreement approved following the same procedure. Under a further amendment dated 14 March 2017, authorised by the Board on 6 March 2017 after review and a unanimous favourable opinion from the Audit Committee, and approved by the shareholders at the Annual Shareholders' Meeting of 10 May 2017, the term of the agreement, which was renewed in 2017, was extended to three years with the same billing terms but with a clause providing for an annual revision of the amount charged to the Company based on changes in the cost of the strategic assistance provided by Euris and of the proportionate shares in the allocation keys. The Board of Directors and its Audit Committee expressed an opinion after reviewing the report from a financial expert confirming the relevance of the cost-sharing method used and its suitability, as well as a legal opinion to the effect that renewing the agreement was in the Company's interest, as was the decision to extend its term by three years.

Euris invoices the expenses it incurs in providing strategic advisory services to the Group, and calculates them on the basis of two allocation keys: a primary key applied to the holding companies based on capital employed (equity + debt), and a secondary key within Casino Group to allocate Casino Group's portion in the primary key between its subsidiaries based on sales (Casino, Guichard-Perrachon assumes 20% of the expenses). The expenses allocated are marked up by 10%.

Pursuant to these billing terms, the Company paid Euris €2,150,000 (excluding VAT) in 2019 in respect of services provided in 2019 (see Statutory Auditors' report on related-party agreements).

The Audit Committee was called upon to consider the renewal of the strategic advisory services agreement as from 2020 with unchanged terms and conditions. The Committee determined whether its renewal aligns with the interests of Rallye, and assessed whether this new agreement is an arm's length agreement entered into in the normal course of business, as part of the assessment procedure now required by Article L. 225-39 of the French Commercial Code, in order to provide a recommendation to the Board of Directors. In this context, the new financial opinions sought, as well as the independent appraisal conducted confirm, as in 2017, the reality of the services, the relevance and fairness of the strategic cost allocation method, which is economically justified by the fact that it is based on market practices, particularly in view of the keys used and the 10% mark-up applied, as well as its appropriateness for the services provided. They also concluded that the agreement qualified as an arm's length agreement entered into in the normal course of business, in view of the nature of the costs invoiced, the allocation method selected and the 10% mark-up, which was considered to be relevant and therefore fair for both parties.

In light of this, the conclusions of the independent appraisal conducted by the firm Olivier Salustro to review and re-evaluate the allocation method used to bill Rallye for the strategic advisory services provided by Euris, and the types of services invoiced to Rallye under the agreement, show that:

- the method used to allocate the costs incurred by Euris to subsidiaries for the strategic advisory services is economically justified by the fact that it is based on market practices, particularly in relation to the key used and the 10% mark-up applied;
- the services provided on a regular or occasional basis have been verified and are continuous, and fall within the scope of the strategic advisory agreement or meet specific needs expressed by Rallye's management. In addition, these services are deemed necessary to maintain the consistency of the management and strategic policy of both the Euris and Rallye groups;

The cost of these services therefore appears to be justified, correctly allocated according to the methods defined, and fair in view of the results achieved.

The legal opinions expressed also confirm that the agreement was in line with the corporate interest of the companies concerned and qualified as an arm's length agreement entered into in the normal course of business.

Rallye's Statutory Auditors, who were also consulted, read the expert reports and opinions and had no particular matters to report as regards the agreement's change of classification.

Based on the findings of these financial and legal appraisals, the Board of Directors, acting on the favourable opinion expressed by the Audit Committee, approved the renewal of Euris' strategic services provided to Rallye, as well as their classification as an arm's length agreement entered into in the normal course of business, for three years from 1 January 2020.

Moreover, Euris provides strategic consulting services to Company subsidiaries, and particularly to Casino Group, which represented total fees of €3.5 million (excluding VAT) in 2019. The Company and its subsidiaries also receive other technical and operational services concerning real estate matters, as well as seconded personnel and furnished offices from Euris and Foncière Euris (see note 15 to the consolidated financial statements on page 195 of this Universal Registration Document).

Jean-Charles Naouri, Jacques Dumas, Jean-Marie Grisard, Didier Lévêque, Virginie Grin and Odile Muracciole, Directors or permanent representatives of Group companies, as well as Franck Hattab have employee and/or management functions and/or are members of the corporate bodies of companies within the Rallye and Euris Groups and receive the corresponding compensation.

To the Company's knowledge, there are currently no other potential conflicts of interest between the duties with respect to the Company by members of the Board of Directors and Executive Management and their private interests or other obligations. There are no arrangements or agreements signed with shareholders, customers, suppliers or others pursuant to which a member of the Board of Directors has been appointed.

The tasks entrusted to the Audit Committee and the Appointments and Compensation Committee and their members, two-thirds of whom are independent, including the Chairs, enable conflicts of interest to be prevented and ensure that control by the majority shareholder is not exercised in an abusive manner.

See the Statutory Auditors' special report on agreements entered into pursuant to the procedure for related-party agreements and commitments, on page 232.

- In accordance with Article L. 225-40-1 of the French Commercial Code, the Board of Directors reviewed the agreements signed and authorised in prior years, which were still effective in the year then ended. These agreements required no particular observations.
- Moreover, no agreements, other than those pertaining to ordinary business transactions and entered into on an arm's length basis were signed, directly or through an intermediary, between a subsidiary of the Company and the General Manager, a Director or a shareholder holding more than 10% of the Company's voting rights.

No loans or guarantees have been granted or issued by the Company to or on behalf of any members of the Board of Directors who are individuals.

Regular review by the Audit Committee of arm's length agreements entered into by the Company pursuant to Article L. 225-39, paragraph 2, of the French Commercial Code

Arm's length agreement identification and review procedure

Further to changes in the legal provisions governing related-party agreements pursuant to the Pacte Law of 22 May 2019 (Article L. 225-39, paragraph 2 of the French Commercial Code), at its meeting of 28 February 2020 the Board of Directors tasked the Audit Committee with regularly reviewing the "arm's length" agreements entered into by the Company, and also approved, on the Audit Committee's recommendation, the terms of the dedicated charter on identifying and reviewing arm's length agreements.

Each year, the Audit Committee reviews the report on arm's length agreements entered into during the year or which continued to apply during the year. The list of arm's length agreements is accompanied by any supporting documentation, including reports prepared by a third-party expert in financial, legal, real estate or other fields, enabling the Audit Committee to review those agreements classified as at arm's length and to report thereon to the Board of Directors. The Audit Committee may ask for additional information from the Company's Executive Management. The Audit Committee may, if it deems necessary, propose that an agreement initially considered to be an arm's length agreement be reclassified as a related-party agreement. Should the Board agree on the need for such a change, the rectification procedure referred to in Article L. 225-42, paragraph 3 of the French Commercial Code is implemented.

The Audit Committee may also propose that an agreement initially considered as a related-party agreement be reclassified as an arm's length agreement, if it deems appropriate. In that case, the Board of Directors discloses the change in its management report in order to inform the Company's shareholders.

Any member of the Audit Committee or the Board of Directors who is directly or indirectly involved in an arm's length agreement may not take part in its review.

Furthermore, each year, based on the arm's length agreement report, the Audit Committee also determines whether the procedure for identifying and reviewing arm's length agreements as defined in the procedure remains appropriate for the Company's needs and proposes any necessary changes to the Board of Directors.

Other disclosures

Methods for attending Shareholders' Meetings

Methods for attending Shareholders' Meetings are set forth in Articles 25, 27 and 28 of the articles of association (see pages 262 to 264 of this Universal Registration Document).

Factors which may have an impact in the event of a public offering

The Company's capital structure and the direct or indirect interests in the Company's capital of which it is aware by virtue of Articles L. 233-7 and L. 233-12 of the French Commercial Code are described on pages 30 *et seq.*

The articles of association contain no restrictions on the exercise of voting rights or the transfer of shares. There are no agreements of which the Company is aware under Article L. 233-11 of the French Commercial Code that provide for pre-emptive rights with respect to the sale or purchase of the Company's shares, nor are there, to the best of the Company's knowledge, any agreements between shareholders which might restrict share transfers or the exercise of voting rights.

The Company has not issued securities with special rights of control, and no mechanism for control is provided for in any employee share ownership plan, when the rights of control are not exercised by the employees.

The rules which apply to appointing and replacing members of the Board of Directors, and to amending the Company's articles of association, are described in pages 259 *et seq.*

The powers of the Board of Directors are described on page 75.

With respect to the issuance of shares, the authorisations awarded to the Board of Directors are set forth on page 32 and, with regard to the repurchase of shares, the powers of the Board of Directors are described on page 31.

In addition, there are no agreements providing for compensation for the members of the Board of Directors, the Directors, senior executives or employees should they resign or be dismissed without just cause or should their employment be terminated as a result of a public offering.

Compensation policy for corporate officers and non-voting Directors

This section contains the section of the Board of Directors' corporate governance report on compensation paid or awarded to the Chairman of the Board of Directors and the General Manager, as well as other corporate officers, in 2019 and the disclosures required by Article 225-37-3-I of the French Commercial Code, which are subject to an *ex post* vote (16th and 17th resolutions) at the Annual Shareholders' Meeting of 26 June 2020. It also contains a description of the 2020 compensation policy for the corporate officers as required by Article L. 225-37-2 of the French Commercial Code, which is subject to an *ex ante* vote (15th and 18th resolutions) at the Annual Shareholders' Meeting of 26 June 2020.

Compensation of the Chairman of the Board of Directors

The Company does not pay the Chairman of the Board of Directors any fixed or variable compensation other than Directors' compensation.

› Determination of components of compensation for the year ended 31 December 2019

1. Compensation awarded and paid by Rallye

The compensation and benefits in kind awarded and paid by Rallye to Jean-Charles Naouri, Chairman of the Board of Directors, in respect of and during 2018 and 2019 are as follows:

	2018		2019	
(€)	Amount awarded[1]	Amount paid[2]	**Amount awarded[1]**	**Amount paid[2]**
Fixed compensation	-	-	-	-
Annual variable compensation	-	-	-	-
Multi-annual variable compensation	-	-	-	-
Long-term incentive	-	-	-	-
Deferred exceptional bonus	-	-	-	-
Directors' compensation	10,000	10,000	**10,000**	**10,000**
Benefits in kind	-	-	-	-
TOTAL	**10,000**	**10,000**	**10,000**	**10,000**

(1) Compensation awarded during the year, irrespective of the payment date.
(2) Total amount of compensation paid by the Company during the year.

2. Stock options for new or existing shares and free shares awarded by the Company and/or companies that it controls: none

Jean-Charles Naouri has not been awarded any stock options or free shares in Rallye, or in companies controlled by Rallye.

3. Summary table of compensation awarded and paid by the Company and the companies that it controls within the meaning of Article L. 233-16 of the French Commercial Code

The table below shows the compensation and benefits in kind awarded and paid to the Chairman of the Board of Directors for and during 2018 and 2019, by Rallye and the companies that it controls:

	2018		2019	
(€)	Amounts awarded	Amount paid	**Amounts awarded**	**Amount paid**
Compensation due for the year (gross)	1,340,240	956,520[1]	**1,157,220 [3]**	**860,240[2]**
Value of stock options awarded during the year		No award		**No award**
Value of free shares awarded during the year		No award		**No award**
TOTAL	**1,340,240**	**956,520**	**1,157,220**	**860,240**

(1) Compensation paid in 2018:
- Casino, Guichard-Perrachon: €946,520, of which €480,000 in fixed compensation, €454,020 in variable compensation in respect of 2017, and €12,500 in Directors' compensation;
- Rallye: €10,000 in Directors' compensation.
(2) Compensation paid in 2019:
- Casino, Guichard-Perrachon: €850,240, of which €480,000 in fixed compensation, €357,740 in variable compensation in respect of 2018, and €12,500 in Directors' compensation;
- Rallye: €10,000 in Directors' compensation.
(3) Excluding gross additional compensation of €655,000 awarded by the Board of Directors of Casino, Guichard-Perrachon at its meeting of 25 March 2020 to be approved by the 2020 Annual General Meeting.

4. Employment contract, supplementary retirement plan, severance pay and non-compete clause compensation: none

Employment contract		Supplementary retirement plan		Compensation or benefits due or likely to be due as a result of the termination or change of functions		Compensation relating to a non-compete clause	
Yes	No	Yes	No	Yes	No	Yes	No
	X		X		X		X

Compensation policy for the General Manager (15th and 16th resolutions of the Ordinary Shareholders Meeting of 26 June 2020)

› General principles

The Board of Directors uses the Afep-Medef Code (January 2020 version) as its reference to determine the principles for setting the compensation of executive corporate officers. It decides the principles for determining and structuring the General Manager's compensation based on the recommendations of the Appointments and Compensation Committee.

The Board of Directors ensures that the compensation policy is consistent with the Company's corporate interests and the interests of shareholders and stakeholders. The policy is determined so that it is consistent with that of the Group's employees. The performance indicators selected for setting the variable compensation must be in line with the strategic priorities of the Group and include both financial and non-financial criteria, with performance assessed annually and/or over several years.

The Board of Directors bases its consideration of this issue on the analyses and findings of an external consulting firm specialising in compensation, which advises its members and the Appointments and Compensation Committee on market practices in this area. These periodic compensation analyses make it possible to benchmark the General Manager's compensation, its level and growth, the weighting of components, as well as assessment criteria, with the practices of peer companies.

› Determination of components of compensation for the year ended 31 December 2019

On 13 March 2019, the Board of Directors, based on the recommendation of the Appointments and Compensation Committee, decided to apply the same compensation structure for 2019 as in 2018 (fixed compensation, annual variable compensation, long-term incentive), based on market practices and recommendations issued by the external consultant.

Subsequent to the 2018 and 2017 reviews, the components of the General Manager's aggregate compensation were again reviewed by a specialised consultant in 2019.

These analyses and recommendations issued by the specialised consultant indicated that the structure and positioning of the General Manager's overall annual variable compensation was consistent with the practices of peer companies. The renewal of the long-term cash incentive plan is also consistent with the practices observed and recommendations made relating to the weighting of variable compensation in the structure of compensation and long-term performance analysis.

In accordance with the principles and criteria for determining the components of the General Manager's compensation set by the Board of Directors on 13 March 2019, his compensation for 2019 approved by the shareholders at the Annual Shareholders' Meeting of 15 May 2019 (97.71 % approval rate) comprised a fixed component, a conditional annual variable component, and a conditional long-term incentive component, determined as follows:

Fixed compensation for 2019

The fixed compensation is a gross €480,000.

2019 annual variable compensation

In line with market practice, his 2019 target variable compensation was 64.5% of fixed compensation if all the objectives were met (i.e., a gross amount of €310,000).

This compensation could be calculated based on set quantitative and qualitative objectives:

- three quantitative financial objectives, accounting for 50% of the target amount, based on the cost of net debt of the Rallye holding company scope, Rallye's consolidated EBITDA interest coverage ratio and the EBITDA of Groupe GO Sport and up to 100% in the event of outperformance,
- two individual qualitative objectives, accounting for 30% of the target amount,
- an assessment of managerial attitudes and behaviour, also accounting for 20% of the target amount.

A minimum achievement threshold, a target amount and an outperformance level were also set for each criterion.

The maximum potential annual variable compensation is €465,000 gross.

When determining the amount of variable compensation to be paid to the General Manager in respect of 2019 at its meeting on 26 March 2020, the Board of Directors observed that the pre-defined method (quantitative and qualitative objectives) for determining the variable compensation as approved by the Ordinary Shareholders' Meeting of 15 May 2019 was no longer appropriate given the developments at the Company amid the exceptional and complex safeguard proceedings and did not facilitate effective assessment of the General Manager's performance in the key operations that he has completed since the initiation of the safeguard proceedings.

At its meeting on 26 March 2020, the Board of Directors therefore decided that the methods for determining the variable compensation to be paid to the General Manager in respect of 2019 should be amended accordingly. Acting on the recommendation of the Appointments and Compensation Committee and on the analyses and recommendations of specialised external consultants, and having assessed the General Manager's performance in the operations that he successfully completed in 2019 and his contribution to the exceptional and complex challenges faced by the Company in 2019, the Board of Directors therefore decided to set the variable compensation to be paid to the General Manager in respect of 2019 at a gross amount of €465,000, subject to approval by the Shareholders' Meeting of 26 June 2020.

Additional compensation

At its meeting of 26 March 2020, on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to propose the award of additional compensation to the General Manager, subject to approval at the Shareholders' Meeting of 26 June 2020, to reflect, amid complex circumstances, his outstanding mobilisation and engagement, the effective management and stability of the teams, the acceleration of the safeguard proceedings and compliance with the related schedule.

Additionally, the Board of Directors noted that this compensation would be in line with the additional compensation policy established for the Company's employees and personnel to reward him for his decisive contribution.

Based on the recommendation of the Appointments and Compensation Committee and acting on the recommendations of specialised external consultants, the Board of Directors decided, with regard to both the type of compensation and its amount, as well as performance conditions, to pay the General Manager gross additional compensation totalling €600,000, subject to approval at the Shareholders' Meeting of 26 June 2020, payable in two equal instalments in 2020 and 2021, and subject to a continuous service condition.

The other components of the 2019 compensation were as follows:

Long-term incentive (LTI)

In order to increase the variable portion of the General Manager's aggregate compensation and take into account the Group's longer-term performance, on 13 March 2019, the Board of Directors decided to once again award the General Manager a long-term incentive in 2019, subject to performance and continuous service conditions.

The gross target amount, to be awarded on fulfilment of performance conditions, has been set at €300,000, i.e., 62.5% of his fixed compensation.

Payment of the long-term incentive is subject to achievement of the following performance conditions, each accounting for 50%, assessed over a three-year period (2019, 2020 and 2021):

- the consolidated EBITDA interest coverage ratio;
- the cost of net debt of the current Rallye holding company scope.

A minimum threshold and a target level have been set for the two criteria. The target level corresponds to performance in line with the Group's objectives. The long-term incentive is calculated on a linear basis between the minimum and maximum thresholds and there is no guaranteed minimum.

In addition, the variable compensation, as determined by the achievement of the above two criteria, will be based on the upward or downward change in the Rallye share price between the grant date and the vesting date (based on the average closing share price over the 20 trading days preceding these two dates).

Deferred exceptional bonus

In light of his significant contribution toward the negotiations and sale of Courir and based on the recommendation of the Appointments and Compensation Committee, on 13 March 2019 the Board of Directors also decided to award the General Manager an exceptional bonus of €300,000, payable in 2019, which was approved at the Ordinary Shareholders' Meeting of 15 May 2019.

Other components of compensation and benefits in kind awarded to the General Manager

The General Manager is a member of the specific unemployment insurance plan for Directors and corporate officers (GSC), which is considered to be a benefit in kind, and is covered by all of the compulsory group retirement plans in existence at Rallye (ARRCO and AGIRC), the defined contribution supplementary retirement plan, and the health insurance and death and disability plans.

Furthermore, the General Manager is not covered by any defined benefit supplementary retirement plan, and is not entitled to any compensation for loss of office or any non-compete indemnity.

› Long-term incentive awarded in 2017 and to be paid in 2020

Pursuant to the resolution proposed at the Shareholders' Meeting of 10 May 2017, payment of the long-term incentive awarded to the General Manager in 2017 is also contingent on approval at the Shareholders' Meeting of 26 June 2020 (16th resolution).

The principles and criteria for determining and awarding the long-term incentive, set by the Board of Directors on 3 April 2017 and approved by the Shareholders' Meeting of 10 May 2017 with a majority of 97.45%, are summarised below.

Payment of the long-term incentive was contingent on a continuous service condition and the achievement of two performance conditions assessed at the end of a three-year period (2017-2019). The performance conditions, each of which accounts for 50% of the incentive, are based on:

- the ratio of consolidated EBTIDA to the cost of consolidated net debt;
- the cost of net financial debt of the current Rallye holding company scope.

A minimum threshold and a target level was also set for both criteria. The target level corresponds to performance in line with the Group's objectives. The long-term incentive is calculated on a linear basis between the minimum and maximum thresholds.

In addition, for 100% of the variable compensation as determined by the achievement of the above two criteria, a weighting will be applied based on the upward or downward change in the Rallye share price between the grant date and the vesting date (based on the average closing share price over the 20 trading days preceding these two dates).

The gross target amount was set at €250,000, representing 59.52% of 2017 fixed compensation.

Based on the level of achievement and in light of the 67% decrease in the Rallye share price between 10 May 2017 and 26 March 2020 (date of the Board of Directors' meeting that set the amount of the long-term incentive), the amount of the long-term incentive awarded was €82,510 gross, representing 33% of the target amount.

› Compensation awarded or paid to Franck Hattab, General Manager, in 2019

1. Compensation awarded and paid by Rallye

The compensation and benefits in kind awarded and paid by Rallye for and during 2018 and 2019 are as follows:

	2018		2019	
(€)	Amount awarded[1]	Amount paid[2]	**Amount awarded[1]**	**Amount paid[2]**
Fixed compensation	450,000	450,000	**480,000**	**480,000**
Variable compensation*	364,000	336,000	**465,000[3]**	**364,000**
Multi-annual variable compensation	-	-	**-**	**-**
Long-term incentive	280,000[4]	249,985[5]	**300,000[6]**	
Deferred exceptional bonus	-	-	**-**	**300,000**
Benefits in kind[7]	23,732	23,732	**32,277**	**32,277**
TOTAL	**1,117,732**	**1,059,717**	**1,277,277**	**1,176,277**

(1) Compensation awarded for the year, irrespective of the payment date.
(2) Compensation paid in 2018 and 2019.
(3) The basis for determining 2019 variable compensation is detailed on page 85 of this Universal Registration Document.
(4) Target amount of €280,000 of long-term incentive awarded to the General Manager in 2018 in connection with his term of office, assessed over a three-year period (2018/2020).
(5) Corresponds to variable long-term compensation based on a gross target amount of €208,000 awarded on 15 December 2015 and 29 July 2016, respectively, subject to a continuous service requirement and performance conditions assessed over a three-year period for the December 2015 payment and a two-year period for the July 2016 payment.
(6) Target amount of €300,000 of long-term incentive awarded to the General Manager in 2019 in connection with his term of office, assessed over a three-year period (2019/2021).
(7) Corresponds to contributions to the specific unemployment insurance plan for Directors and corporate officers (GSC).
** excluding gross additional compensation of €600,000, awarded by the Board of Directors at its meeting of 26 March 2020 and to be approved by the Shareholders' Meeting of 26 June 2020, payable in two equal instalments in 2020 and 2021, and subject to a continuous service condition*

2. Stock options for new or existing shares and free shares awarded by the Company and/or companies that it controls: none

In 2019, no stock options for new or existing shares or free shares were awarded by Rallye or the companies that it controls.

3. Summary table of compensation awarded and paid by the Company and the companies that it controls

The table below shows the compensation and benefits in kind awarded and paid during 2018 and 2019 by Rallye and by the companies that it controls:

	2018		2019	
(€)	Amounts awarded	Amount paid	**Amounts awarded**	**Amount paid**
Compensation due for the year (gross)	1,117,732	1,059,717	**1,277,277**	**1,176,277[1]**
Value of stock options awarded during the year		No award		**No award**
Value of free shares awarded during the year		No award		**No award**
TOTAL	**1,117,732**	**1,059,717**	**1,277,277**	**1,176,277**

(1) Compensation paid by Rallye only.

4. Employment contract, supplementary retirement plan, severance pay and non-compete clause

Employment contract		Supplementary retirement plan		Compensation or benefits due or likely to be due as a result of termination or change of functions as an executive corporate officer		Compensation relating to a non-compete clause	
Yes	No	Yes	No	Yes	No	Yes	No
X[1]		X[2]			X		X

(1) Franck Hattab's employment contract dated 1 March 1999 was suspended on 4 April 2017 when he was appointed as General Manager.
(2) The General Manager is a member of the mandatory pension, health and supplementary retirement plan in force within the Group for all Group employees. He also benefits from the defined benefit supplementary retirement plan in force at Rallye.

› Information on pay ratios and comparative trends in compensation and performance

In accordance with the new provisions of Article L. 225-37-3 of the French Commercial Code, at its 26 March 2020 meeting, based on the recommendation of the Appointments and Compensation Committee, the Board of Directors:

- set the method of determining the pay ratios presenting the difference between the compensation of the General Manager and the average and median compensation of other employees of the Company on a full-time equivalent basis;
- reviewed the annual change in the compensation of the General Manager, the average compensation of other employees, the Company's performance and the pay ratios over five years presented on an aggregate basis and in a manner that permits a relevant comparison.

The Board of Directors based its work on the guidance issued by the Afep and defined the method of determining the pay ratios to be disclosed, which takes into account:

As regards the General Manager:

The two executive corporate officers who have successively held this position over the last five years have been Didier Carlier, General Manager until 3 April 2017, and Franck Hattab, General Manager since 4 April 2017.

Components of gross compensation paid or awarded by the Company in the reference year Y (fixed compensation, annual variable compensation and Directors' compensation), paid in year Y, and long-term incentive awarded in year Y (the successive General Managers do not receive any bonus shares or stock options, and are not entitled to severance pay or non-compete compensation in connection with their terms of office).

The defined contribution supplementary retirement plan adopted by the Company for senior executives is not taken into consideration.

As regards scope and employees:

The scope used to calculate the ratios only covers Rallye, given its business and the scope of action of its executive corporate officer, and it was deemed appropriate to only take into consideration its employees, and thus not include the employees of its operating subsidiaries in particular.

As regards the employees taken into consideration:

- they are employees on permanent or fixed-term contracts (22 employees in 2015 and 2016, and 23 from 2017 to 2019) for an uninterrupted period of 24 months are included on a full-time equivalent (FTE) basis;
- gross compensation paid or awarded (on an FTE basis) in year Y (fixed compensation, annual variable compensation, exceptional compensation and, where applicable, Directors' compensation, incentive and profit-sharing plans, the employer's matching contribution to the employee savings plan and benefits in kind, paid in year Y, and other long-term cash and share-based bonuses awarded in year Y valued in accordance with IFRS 2). Any severance pay, non-compete compensation, and the defined contribution supplementary retirement plan adopted by the Company for its executive corporate officer are excluded from the calculation.

As regards the comparative trends in annual compensation and performance:

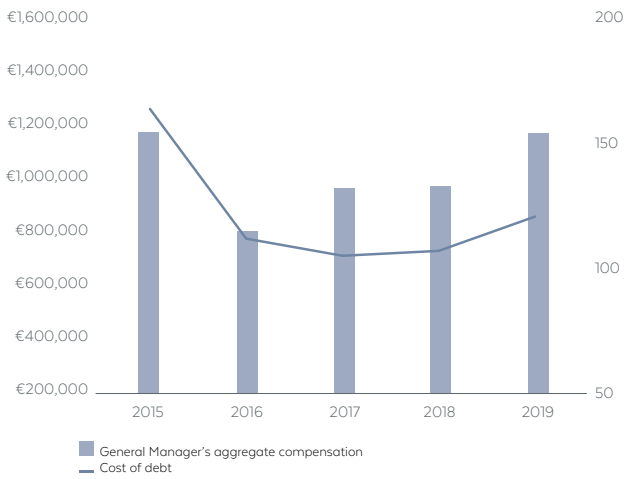
The criteria used to demonstrate that changes in compensation are aligned with performance are consistent with the key business indicators for Rallye, which are used to determine the General Manager's variable compensation and free share plans:

- the holding scope's cost of debt, a criterion that remains pertinent as it is assessed over a five-year period;
- consolidated EBITDA/interest coverage ratio.

CALCULATION OF PAY RATIOS

	2015	2016	2017	2018	**2019**
General Manager's overall compensation	€1,182,565	€805,182	€971,398	€975,717	**€1,176,277**
Average compensation of employees	€295,479	€203,838	€263,285	€264,918	**€272,954**
Median compensation of employees	€187,601	€134,493	€146,584	€173,564	**€163,224**
Average pay ratio	**4.0**	**4.0**	**3.7**	**3.7**	**4.3**
Median pay ratio	**6.3**	**6.0**	**6.6**	**5.6**	**7.2**
Change in consolidated EBITDA/interest coverage ratio	3.96	3.44	3.93	4.04	**4.14**
Cost of debt	165	112	105	107	**121**

CHANGE RELATIVE TO COMPANY PERFORMANCE



› Compensation policy for the General Manager in respect of 2020

(18th resolution of the Ordinary Shareholders' Meeting of 26 June 2020)

Pursuant to the new provisions of Article L. 225-37-2 of the French Commercial Code enacted in the government order of 27 November 2019 on executive compensation, at its meeting on 26 March 2020 and in line with the general principles set out above, the Board of Directors set the 2020 compensation policy for the General Manager ensuring that it is in line with the Company's interests and strategy and with the interests of the shareholders and other stakeholders.

The Board of Directors also used the principles set out in the Afep-Medef Code (2020 version) as a guide.

Based on the recommendation of the Appointments and Compensation Committee and acting on the recommendations of specialised external consultants, the Board of Directors therefore defined the 2020 compensation policy and set the principles for determining the compensation of the General Manager for 2020 and the structure thereof, as follows:

Fixed compensation

Gross fixed compensation for 2020 is unchanged at €480,000.

Annual variable compensation

Based on market practices and the recommendations made, annual variable compensation would continue to be set at 64.5% of fixed compensation (corresponding to a gross amount of €310,000) if the objectives are met. In the event of outperformance, variable compensation would represent up to 106.6% of fixed compensation (corresponding to a gross amount of €511,500).

Annual variable compensation would remain entirely contingent on the achievement of quantitative financial objectives and individual qualitative objectives.

The Board of Directors has decided to apply two criteria for the quantitative financial objectives (compared to three previously) – Group EBITDA and a reduction in Rallye's gross debt – and to increase their weighting from 50% to 65%.

The variable component would therefore be determined as follows:

- two quantitative financial objectives, accounting for 65% of the target amount, i.e., €201.5 billion, based on:
  - Group consolidated EBITDA of 30% i.e., €93,000,
  - 35% reduction in Rallye's gross debt i.e., €108,500;
- three individual qualitative objectives, whose weighting would be reduced from 30% to 20% of the target amount (without any increase for outperformance): day-to-day management of the safeguard proceedings, asset disposals and financial reporting, i.e., €62,000;
- assessment of managerial attitudes and behaviour, whose weighting would be reduced from 20% to 15% of the target amount (without any increase for outperformance), i.e., €46,500;
- an outperformance bonus representing up to 200% for the two quantitative financial criteria only.

2020 variable compensation of the General Manager would be determined as follows:

OBJECTIVES Target level: €310,000	Variable component	Maximum variable component
I/ Two quantitative objectives (65%):		
1 - EBITDA[1] France		
% of the target amount	*30%*	*60%*
Amount	€93,000	€186,000
2 - Reduction in Rallye's gross debt		
% of the target amount	*35%*	*70%*
Amount	€108,500	€217,000
II/ Three individual qualitative objectives (20%)		
1 - Day-to-day management of the safeguard proceedings		
% of the target amount	*10%*	
Amount	€31,000	
2/ Financial reporting		
% of the target amount	*5%*	
Amount	€15,500	
3 - Asset disposals		
% of the target amount	*5%*	
Amount	€15,500	
III/ Managerial attitudes and behaviour (15%)	*15%*	
(initiatives, decision-making, team management, employee development, Director relationships, etc.)		
Corresponding variable component	€46,500	

* *Linear change between amounts.*
(1) EBITDA as defined in Casino's bank covenants, i.e., EBITDA France Retail and Cdiscount.

Long-term incentive (LTI)

In accordance with market practice and the recommendations made as regards the heavy weighting of the variable component in the overall compensation package and the assessment of the Company's longer-term performance, the Board of Directors decided to once again renew the long-term cash incentive plan in 2020.

To determine the long-term incentive and the related performance conditions, the Board of Directors has decided to retain the criterion concerning the reduction in gross debt and to use the change in the share price as a criterion rather than as a weighting mechanism.

The long-term incentive would be determined as follows:

- The gross target amount is unchanged at €300,000, representing 62.5% of fixed compensation and also corresponding to the maximum amount.
- The performance conditions continue to be assessed over a three-year period (2020-2022).
- Two quantitative objectives, each accounting for 50%, based on the reduction in gross debt and the change in the Rallye share price.

A minimum threshold, a target level corresponding to the achievement of the objectives and an outperformance level have been set for the two criteria. There is no guaranteed minimum.

Other components of compensation and benefits in kind awarded to the General Manager

The General Manager does not receive any stock options or performance shares and is expressly excluded from any such plans under the resolutions submitted to the Extraordinary Shareholders' Meetings of 10 May 2017 and 23 May 2018.

The General Manager is a member of the specific unemployment insurance plan for Directors and corporate officers (GSC), which is considered to be a benefit in kind, and is covered by all of the compulsory group retirement plans in existence at Rallye (ARRCO and AGIRC), the defined contribution supplementary retirement plan, and the health insurance and death and disability plans.

Furthermore, the General Manager is not covered by any defined benefit supplementary retirement plan, and is not entitled to any compensation for loss of office or any non-compete indemnity.

Management of conflicts of interest

The Board of Directors' Internal Rules set out the rules related to the prevention and management of conflicts of interest. Directors who represent the interests of all shareholders have a duty to disclose any conflicts of interest they may have to the other Board members. The Internal Rules state that each Director is required to alert the Board of Directors regarding any actual or potential conflict of interest in which they might be directly or indirectly involved and, in such a case, to abstain from taking part in discussions and votes on the matters in question. Each Director is additionally required to consult with the Chairman before engaging in any activity or accepting any position or obligation that could result in a conflict of interest or a potential conflict of interest.

As part of its duties, the Appointments and Compensation Committee may therefore examine or bring before the Board of Directors any exceptional issue that may give rise to a potential or actual conflict of interest within the Board of Directors and give an opinion or make a recommendation on the matter.

Compensation of non-executive corporate officers

At the Shareholders' Meeting of 19 May 2010, the shareholders set the maximum total amount of compensation to be allocated annually to the Directors at €300,000 until such time as a further resolution is passed.

› Components of compensation (formerly "Directors' fees") paid or awarded to the non-executive corporate officers in respect of or during 2019 – Disclosures required by Article L. 225-37-3-I of the French Commercial Code

The Board of Directors set the principles for allocating the total amount of compensation awarded by the Shareholders' Meeting, based on the recommendations of the Appointments and Compensation Committee. The Board based its consideration of this issue on the internal study of practices within 63 SBF 120 companies, excluding CAC 40 companies (figures taken from the Afep-Medef's annual review).

Rallye's methods for determining and allocating this compensation are mainly attendance-related, with a significant weighting based on effective attendance at Board of Directors' and Committee meetings, and on any increase in the number of special tasks entrusted to the Committees.

Compensation paid in 2019 in connection with the 2018/2019 term of office and the compensation to be awarded in connection with the 2019/2020 term of office (paid after the Shareholders' Meeting of 26 June 2020) are as follows:

In connection with the 2018/2019 term of office

Basic compensation paid to Directors

The aggregate gross compensation per Director was set at €20,000, unchanged from 2002, comprising a fixed portion of €4,000 and a maximum variable portion of €16,000 based on their attendance rate at Board meetings. Variable compensation not paid to absent members was not reallocated.

The gross amount of compensation allocated to the Chairman of the Board of Directors and the Directors representing the majority shareholder was also unchanged and capped at €10,000 per Director (a gross fixed portion of €4,000 and a gross variable portion of €6,000).

Additional compensation of members of the Special Committees

Basic compensation of €10,000 is paid to members based on effective attendance.

An additional exceptional amount of €3,000 was awarded to members of the Audit Committee in light of the increased number of Audit Committee meetings and the amount of business covered in 2018-2019.

Additional compensation of Board Committee Chairs

Basic compensation of €10,000 is paid to Committee Chairs based on effective attendance.

In connection with the 2019/2020 term of office (to be paid in 2020)

As the compensation of non-executive corporate officers of Rallye is awarded in connection with the previous term of office, i.e., from 15 May 2019 to 26 June 2020, in accordance with the new provisions of Article L. 225-37-2 of the French Commercial Code, payment of the portion corresponding to the period from 1 January to 26 June 2020 is subject to the approval of the Shareholders' Meeting of 26 June 2020, and the meeting will also be required to vote on the compensation policy for Directors for their 2020/2021 term of office.

Based on the recommendation of the Appointments and Compensation Committee, on 26 March 2020 the Board of Directors decided that the terms of allocation were as follows:

Basic compensation paid to Directors

The allocation principles remained unchanged (see above).

Additional compensation of members of the Special Committees

The basic compensation of members of the Special Committees and the additional compensation paid to Special Committees Chairs remained unchanged (see above).

Given the establishment of the Safeguard Proceedings Monitoring Committee, the work it accomplished in 2019 that the Board of Directors used as the basis for its decisions, and the number of meetings held, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided to pay the Safeguard Proceedings Monitoring Committee members €10,000 in compensation, the same amount of compensation paid to members of other committees, which is doubled for the Chair.

Summary of compensation paid in 2018 and 2019 to the non-executive corporate officers for service as a Director by the Company or companies in its scope of consolidation as defined in Article L. 233-16 of the French Commercial Code

Aggregate compensation paid in 2018 and 2019 by the Company and the companies referred to in Article L. 233-16 of the French Commercial Code to corporate officers other than the Chairman of the Board of Directors was as follows:

	Directors' fees and compensation paid			
	In 2018		In 2019	
(€)	Directors' fees	Other compensation	Directors' fees	Other compensation[1]
Philippe Charrier	50,000	-	53,000	-
Jacques Dumas	10,000	737,002[2]	10,000	820,956[2]
Catherine Fulconis	40,000		40,000	
Virginie Grin	10,000		10,000	
Didier Lévêque	10,000	12,500[3]	28,000	12,500[3]
Odile Muracciole	20,000	139,304[4]	20,000	174,663[4]
Anne Yannic	30,000	-	31,000	

(1) Compensation and benefits in kind paid by the companies that Rallye controls.
(2) Other compensation paid in 2019: €820,956 gross, including gross variable compensation of €318,500 in respect of 2018, gross fixed compensation of €478,077, €3,100 in benefits in kind, and €21,270 of Directors' compensation, excluding gross exceptional compensation of €1,366,731. In 2018, excluding gross exceptional compensation of €1,800,000.
(3) Directors' compensation.
(4) Other compensation paid in 2019: €174,663 gross, including gross variable compensation of €46,500 in respect of 2018 and gross fixed compensation of €128,163 excluding gross exceptional bonuses of €60,000. In 2018, excluding exceptional bonuses of €30,000.

Aggregate compensation paid in 2019 to the corporate officers (including the Chairman of the Board of Directors) for service as Director in 2018/2019 amounted to €202,000 gross versus €183,500 gross paid in 2018 in connection with the 2017/2018 term of office.

No compensation was paid to the corporate officers for service as a Director by companies in Rallye's scope of consolidation.

Compensation policy for non-executive corporate officers in respect of the 2020/2021 term of office

(19th resolution of the Shareholders' Meeting of 26 June 2020)

In accordance with the new provisions of Article L. 225-37-2 of the French Commercial Code enacted in the government order of 27 November 2019, the compensation policy for non-executive corporate officers is now subject to shareholder approval at the Shareholders' Meeting.

Based on the Appointments and Compensation Committee's recommendations, the Board of Directors therefore determined the compensation policy for the 2020/2021 term of office, to be submitted to the Shareholders' Meeting on 26 June 2020.

As previously, the Board of Directors used the Afep-Medef Code recommendations as a guide for determining the compensation of non-executive corporate officers, which is based on the following key factors:

- Directors' attendance at Committee meetings, with a significant variable component based on effective attendance at Board meetings;
- the role and work of the Special Committees, which is essential for preparing and assisting the Board of Directors in its decisions, with additional compensation adapted to this role paid to Chairs of the Committees, and, if applicable, supplemented with by additional compensation linked to exceptional meetings held or attendance at these meetings.

Overall compensation awarded to corporate officers for their term of office

At its 26 March 2020 meeting, the Board of Directors set the 2020 compensation policy for the non-executive corporate officers for service as Directors of the Company, in line with the allocation principles applied in previous years.

The Shareholders' Meeting of 26 June 2020 is asked to amend the articles of association so that Rallye, in the context of the new provisions of the Pacte Law of 22 May 2019, can appoint a Director representing employees to the Board of Directors, who will be required to sit on the Appointments and Compensation Committee in accordance with Afep-Medef Code recommendations.

On that basis, in view of the appointment of a Director representing employees to the Board of Directors and his/her potential appointment to the Appointments and Compensation Committee, in accordance with Afep-Medef Code recommendations, and the renewal of the appointments of all members of the Board of Directors in service and of the members of the three Committees.

At its meeting of 26 March 2020, the Board of Directors decided to submit a resolution to the 2020 Shareholders' Meeting to raise the overall limit of compensation for non-executive corporate officers to €330,000 starting from the 2020/2021 term of office.

Basic compensation paid to Directors and the Director representing employees unchanged from the previous year

- Gross amount of €20,000 per Director, comprising a fixed component of €4,000 (prorated for Directors who are appointed or who step down during the year) and a variable component of €16,000, which will not be reallocated in the event of non-attendance.
- Compensation paid to Directors representing the controlling shareholder (and the Chairman of the Board of Directors) capped at €10,000 per Director.

Compensation of members of the Special Committees

Audit Committee

- Gross basic compensation unchanged at €10,000 based on effective attendance of the members, which will not be reallocated in the event of non-attendance.

Appointments and Compensation Committee

- Gross basic compensation unchanged at €10,000 based on effective attendance of the members, which will not be reallocated in the event of non-attendance.

Safeguard Proceedings Monitoring Committee

- Gross basic compensation unchanged at €10,000 based on effective attendance of the members, which will not be reallocated in the event of non-attendance.

Compensation of Committee Chairs

- Gross basic compensation unchanged at €10,000.
- The compensation policy as described above will be published on the Company's website one business day after the Shareholders' Meeting to be held on 26 June 2020 if the policy is approved, and will remain available to the public for at least the period during which the policy applies.

Compensation of non-voting Directors

The compensation of non-voting Directors is included in the total amount authorised by the Shareholders' Meeting of 19 May 2010, and so their compensation in 2019 breaks down as follows:

- Gross amount of €20,000 per Director, comprising a fixed component of €4,000 (prorated for Directors who are appointed or who step down during the year) and a variable component of €16,000, which will not be reallocated in the event of non-attendance.

Based on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to renew the methods of allocating compensation for non-voting Directors.

On that basis, the non-voting Directors received a total amount of €36,000 in 2019 in respect of 2018/2019.

Auditing of the financial statements

Statutory Auditors

In compliance with legal requirements, Rallye appoints two regular Statutory Auditors:

KPMG

Signing partner: Jean- Marc Discours (since June 2019).

Date of first appointment: 29 June 1993.

Latest term of office expires: at the close of the 2024 Annual Shareholders' Meeting.

Ernst & Young et Autres

Signing partner: Henri-Pierre Navas (since March 2016).

Date of first appointment: 1 June 1999

Latest term of office expires: at the close of the 2022 Annual Shareholders' Meeting.

One and/or the other of these audit firms are the Statutory Auditors of the Company's main subsidiaries.

Chapter 3

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Statutory Auditors' report on the consolidated financial statements

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking readers.

This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2019

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Rallye for the year ended 31 December 2019. These consolidated financial statements were approved by the Board of Directors on 26 March 2020, based on the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter

We draw your attention to the following matter described in note 1.3 "Changes in accounting methods and restatement of comparative information" to the consolidated financial statements, which describes the methods of application and the impacts of the first-time application of IFRS 16 – Leases, the impacts of the entry into force of interpretation IFRIC 23 – Uncertainty over income tax treatments, and the change of presentation of the costs of obtaining a contract. Our opinion is not modified in respect of that matter.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Safeguard proceedings and approval

Refer to note 2 "Rallye safeguard proceedings" to the consolidated financial statements

Risk identified	Our response

On 23 May 2019, your Company obtained the initiation of safeguard proceedings for an initial six-month period from the Commercial Court of Paris. On 25 November 2019, the observation period was extended for another six-month period. The safeguard plan under approval at 31 December 2019 provided for a ten-year liabilities repayment schedule. The Paris Commercial Court approved the safeguard plan on 28 February 2020.
Management assessed the going concern assumption based on cash flow forecasts. As set out in note 2 to the consolidated financial statements, the cash flow forecasts prepared for the next 12 months show a cash flow position that management considers to be in line with the estimated obligations resulting from the initiation of the safeguard proceedings.
Given the significance of the safeguard proceedings, and the judgement required to prepare the cash flow forecasts, we deemed the assessment of the going concern assumption and the presentation in the notes to the consolidated financial statements of the information about subsequent events to be a key audit matter.
	As part of our audit, we notably:
	- familiarised ourselves with the decisions of Paris Commercial Court regarding (i) the initiation of the safeguard proceedings on 23 May 2019 and (ii) the approval of the safeguard plan on 28 February 2020;
	- assessed the impact of the implementation of the safeguard plan on the going concern assumption by analysing the 12-month cash flow forecasts prepared by management. As such, and in order to assess the main assumptions used, our work consisted in:
	  - gaining an understanding of the procedures implemented to prepare the cash flow forecasts,
	  - comparing the starting point of the cash flow forecasts table with the audited consolidated financial statements for the year ended 31 December 2019,
	  - gaining an understanding of the main assumptions used to prepare the cash flow forecasts and assessing their consistency with our knowledge of the Group and market conditions,
	  - corroborating the financing maturities taken into account and their results in the cash flow forecasts with the financing agreements entered into by the Group and its subsidiaries;
	- questioned management about its knowledge of any events or circumstances after 31 December 2019 that may cause the Company to cease to continue as a going concern;
	- assessed the appropriateness of the information provided in note 2 to the consolidated financial statements about the safeguard proceedings and the approval of the plan.

Compliance with Casino Group bank covenants

Refer to notes 3 "Significant events of the year" and 12.7 "Financial risk management objectives and policies" to the consolidated financial statements

Risk identified	Our response
Certain loan and credit line agreements, as stated in note 12.7.5 "Liquidity risk" to the consolidated financial statements, provide for the obligation for Casino Group to comply with bank ratios in respect of the bank covenants at 31 December 2019. In addition, during the fourth quarter of 2019, Casino Group finalised its refinancing plan, resulting in the raising of secured funding in the amount of €1.8 billion maturing in January 2024 and the extension of confirmed credit lines in France for €2 billion in the form of a new confirmed revolving credit facility maturing in October 2023, the latter being subject to bank covenants applicable as from 31 March 2020. Any non-compliance with the bank covenants is liable to result in all or part of the debts concerned being immediately payable. We considered the compliance with the bank covenants to be a key audit matter, as any failure to comply with the ratios could have impacts on the availability of the Group's confirmed credit lines as described in the notes to the consolidated financial statements, the presentation of financial liabilities as current/non-current in the consolidated financial statements and, if relevant, the continuation of the Company as a going concern.	Within the scope of our audit: - we analysed Casino Group's bond and bank documentation, including in particular the covenants, in order to understand the definition of the ratios; - we gained an understanding of the internal control procedures relating to the monitoring of Casino Group's liquidity and net financial debt, including the processes for (i) establishing cash flow forecasts, (ii) monitoring net financial debt and (iii) calculating the ratios and complying with the bank covenants; - we verified the arithmetical accuracy of the calculation of the ratios produced by management as at 31 December 2019. Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements, notably the information concerning compliance with the covenants relating to the financing concerned.

Impairment tests of goodwill and trademarks

Refer to notes 4 "Scope of consolidation", 11.1 "Goodwill", 11.2 "Other intangible assets" and 11.5 "Impairment of non-current assets" to the consolidated financial statements

Risk identified	Our response
As at 31 December 2019, the net carrying amounts of goodwill and trademarks with indefinite useful lives recorded in the consolidated statement of financial position amount to €8,483 million and €1,509 million respectively, i.e., approximately 27% of total consolidated assets. Within the context of the valuation of these assets, the Group allocates its goodwill and trademarks to the groups of cash-generating units (CGUs) as described in note 11.1.1 to the consolidated financial statements for the implementation of impairment tests. In 2019, these CGUs take into account the reorganisation performed by the Group in France, which led to dividing the Franprix-Leader Price group of CGUs into three groups of CGUs: Franprix, Leader Price and Geimex. The impairment tests are performed at least once a year and whenever a trigger for impairment is identified, according to the conditions described in notes 11.1, 11.2 and 11.5 to the consolidated financial statements. We considered the valuation of goodwill and trademarks to be a key audit matter due to the following: – their materiality in the consolidated financial statements; – the significance of the estimates notably used as a basis for the determination of their recoverable amount, including turnover and margin rate forecasts for these activities, the perpetual growth rates used to determine terminal value, and discount rates; – the sensitivity of the valuation of these recoverable amounts to certain assumptions.	We assessed the compliance of the methodology implemented by management with the applicable accounting standards in force. We also assessed the main estimates used, analysing in particular: – the consistency of cash flow projections with the budgets and medium-term plans approved by Management using internal and external data as well as with the historical performance of the Group and the economic environment in which the Group operates; – the methods and parameters used to determine the discount rate and perpetual growth rate applied to estimated cash flows. With the assistance of our valuation specialists, we recalculated the discount rate and compared it with the rates used by major financial analysts, as well as with observed rates for several players operating in the same business sector as the Group; – the sensitivity scenarios adopted by Management, of which we verified the arithmetical accuracy. Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements, in particular those relating to sensitivity tests.

Measurement of Leader Price's assets and liabilities held for sale and of the result of discontinued operations

Refer to notes 3 "Significant events of the year" and 4.5 "Assets held for sale and discontinued operations" to the consolidated financial statements

Risk identified	Our response
As at 31 December 2019, Leader Price's assets and liabilities held for sale amount to €1,362 million and €706 million respectively, representing net assets amounting to €656 million (approximately 10% of consolidated shareholders' equity) and are measured at the lower of their net carrying amount and their fair value less costs to sell. The result of the discontinued Leader Price operations in respect of financial year 2019 is a loss of €1,047 million. Taking into account the contribution represented by Leader Price operations in the consolidated financial statements and the significance of management's estimates underlying the determination of: – (i) Leader Price's assets and liabilities to be presented as assets and liabilities held for sale, including in particular the allocation of the goodwill of Franprix-Leader Price's group of cash generating units to the Leader Price operations GUs; – (ii) the fair value less costs to sell used by Group management for the net assets attributable to Leader Price operations within the context of the sale process in progress and the proposed conditions. The fair value used led the Group to recognise impairment in the amount of €704 million for the financial year 2019. We considered the measurement of Leader Price net assets held for sale and the result of the corresponding discontinued operations to be a key audit matter.	Within the scope of our audit: – we gained an understanding of the method of allocation of the Franprix-Leader Price goodwill to the activities of Franprix, Leader Price and Geimex, which is based on the relative values of each of these activities, and assessed the compliance of this method with IAS 36. We assessed the bases on which these relative values were established and verified the arithmetical accuracy of the calculations made; – we analysed the conditions of allocation of other assets and liabilities and the result of Franprix-Leader Price's operations to the Leader Price activities, as well as the underlying agreements used by management to perform certain allocations, in particular those concerning the shared services between Franprix and Leader Price; – we assessed Management's estimates necessary for determining the fair value less expected costs to sell based on (i) the information available at this stage of the sale process and (ii) the conditions envisaged by Management, together with the buyer, for the implementation of the sale; – we verified the methodology of calculation of the impairment loss. Lastly, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Measurement of Groupe GO Sport's assets and liabilities held for sale

Refer to notes 3 "Significant events of the year" and 4.5 "Assets held for sale and discontinued operations" to the consolidated financial statements

Risk identified	Our response
As at 31 December 2019, as part of the disposal of Groupe GO Sport, the Group reclassified the assets and liabilities held for sale. The net assets were measured at the lower of their net carrying amount and their fair value less costs to sell. The fair value used led the Group to recognise impairment in the amount of €151 million as at 31 December 2019. Given the impact on the consolidated financial statements and the estimates made by management in order to determine the fair value less costs to sell for the net assets attributable to the Groupe GO Sport operations as part of the disposal process, we deemed the measurement of the Groupe GO Sport assets and liabilities held for sale to be a key audit matter.	Within the scope of our audit: – we assessed the estimates made by management in order to determine the fair value less expected costs to sell based on: (i) the information available at this stage of the disposal process and (ii) the conditions envisaged by management for the completion of the disposal; – we verified the methodology for calculating impairment. Lastly, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

First-time application of IFRS 16 – Leases

Refer to notes 1.3 "Changes in accounting methods and restatement of comparative information" and 8 "Leases" to the consolidated financial statements

Risk identified	Our response
Your Group has applied IFRS 16 – Leases with effect from 1 January 2019, retrospectively for each prior period for which financial information is presented. The comparative information relating to the previous financial year has thus been restated and the cumulative effect has been recognised at 1 January 2018. The first-time application of the standard has led to presenting, as at 1 January 2018, right-of-use assets for a net value of €4,743 million and lease liabilities amounting to €4,416 million. As stated in note 8, "Leases" to the consolidated financial statements, these leases mainly concern real estate assets. We considered the first-time application of IFRS 16, particularly to real estate assets, to be a key audit matter due to the following: – the significance of the accounting impacts related to the first-time application of the standard on the consolidated financial statements; – the volume of the leases to be identified and analysed within the Group, taking into account the exemptions applied by management; – the considerable use by management of estimates, judgements and assumptions, especially in respect of the determination of the non-cancellable period and the discount rate used to determine the value of the right-of-use assets and lease liabilities related to the real estate leases, based at the start date of the lease on the discounted future payments.	Within the scope of our audit: – we gained an understanding of the internal control procedures including the information system, and tested the key application and manual controls set up by management to ensure (i) the completeness and accuracy of the contractual data relating to the leases and (ii) the correct valuation of the right-of-use assets and lease liabilities that we considered the most relevant; – we analysed and assessed the relevance of the main assumptions used by the Group, especially the discount rate and the lease term used, in particular for leases with an extension or termination option, on which the value of the right-of-use assets and lease liabilities of the real estate assets is based; – we tested the completeness of the real estate asset databases used, by analysing the residual lease costs based, notably, on the exemptions offered by the standard and applied by the Group: leases with a lease term of 12 months or less and leases where the underlying asset has a low value; – we reconciled, for a sample of leases, the information used to determine the right-of-use assets and lease liabilities with the underlying contractual documents; – we recalculated, for a sample of leases, the value of the right-of-use assets and corresponding lease liabilities, and compared our results with those of the Group. In addition, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Valuation of rebates to be received from suppliers at year-end

Refer to notes 7.2 "Cost of goods sold" and 7.8 "Other current assets" to the consolidated financial statements

Risk identified	Our response
Within the scope of its retail activities, the Group receives rebates from its suppliers in the form of discounts and commercial cooperation fees. These rebates, generally paid on the basis of a percentage defined contractually according to purchase volumes and applied to purchases made from suppliers, are recorded as a deduction from cost of goods sold. Considering the material impact of these rebates on net income for the year, the large number of contracts involved and the necessity for management to estimate the final rebate percentage determined according to the volume of related purchases for each supplier, we considered the valuation of rebates to be received from suppliers at year-end to be a key audit matter.	Within the scope of our audit: – we gained an understanding of the internal control environment relating to the process for the monitoring of these rebates in the Group's various significant subsidiaries and carried out tests on the key controls set up by management; – we reconciled, on a sample basis, the contractual terms relating to rebates to be received from suppliers with those used in their valuation; – we assessed, on a sample basis, the estimates used by management to determine these year-end rebates, in particular the estimation of the volumes of purchases at year-end used to determine the final rebate percentage for each supplier and the amounts of the invoices to be issued; – we reconciled the receivables recognised in the statement of financial position with the amounts collected subsequent to year-end.

Recognition of tax credits and monitoring of contingent tax liabilities at GPA

Refer to notes 6.1 "Key indicators by operating segment", 7.8 "Other current assets", 7.9.1 "Breakdown of other non-current assets" and 14.3 "Contingent assets and liabilities" to the consolidated financial statements

Risk identified	Our response
Within the scope of its retail activities at GPA, the Group recognises ICMS tax credits. The balance of the credits recognised amounted to €580 million as at 31 December 2019. These tax credits were recognised insofar as GPA considers their recoverability to be probable. In addition, as described in note 14.3 to the consolidated financial statements, the Group estimates contingent PIS and COFINS tax credits related to the exclusion of ICMS from the calculation basis of these two taxes at €262 million. GPA is also involved in various administrative and legal proceedings in Brazil arising, notably, from tax claims filed by the Brazilian tax authorities. A portion of these tax risks, estimated at €2,165 million as at 31 December 2019, were analysed as contingent liabilities and no provisions were recognised as at 31 December 2019, as stated in note 14.3 to the consolidated financial statements. We considered both the recognition and recoverability of the tax credits and the valuation and monitoring of contingent tax liabilities in Brazil to be key audit matters for the following reasons: (i) the significance in the consolidated financial statements of the tax credit balance, the contingent assets relating to PIS and COFINS tax credits and the amount of contingent tax liabilities as at 31 December 2019, (ii) the complexity of Brazilian tax legislation and (iii) the use of judgements and estimates by management in connection with the recognition of tax credits and the valuation of the contingent tax liabilities.	We interviewed various persons who hold responsibilities in the GPA organisation to identify and gain an understanding of the tax credits and existing disputes, as well as the judgements relating thereto. Concerning the tax credits to be received, we analysed the following items with the assistance of the specialists in Brazilian indirect taxes in our audit team: – the internal control environment relating to the processes set up by management to monitor the tax credits and ensure their recoverability, and tested the related key controls; – the assumptions used by management to draw up the tax credit recovery plan; – the documentation that evidences either the recognition of ICMS tax over the year, or the characterisation of the PIS and COFINS tax credits as contingent assets. Concerning the contingent liabilities, with the assistance of our specialists in Brazilian taxation in our audit team: – we gained an understanding of the internal control environment relating to the processes for the identification, monitoring and estimation of the level of risk associated with the various disputes, and tested the related key controls; – we reconciled the list of identified disputes with the information provided by the Brazilian subsidiaries' main law firms that we contacted in order to assess the existence, completeness and amounts of the disputes; – we examined the information on the legal or technical proceedings and/or opinions provided by the law firms or external experts chosen by management, in order to assess the correct recognition of the various disputes or their characterisation as contingent liabilities; – we reconciled the risk estimates prepared by the Group with the figures relating to contingent tax liabilities disclosed in the notes to the consolidated financial statements. Lastly, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given the Board of Directors' management report as approved on 26 March 2020. Regarding the events that occurred and the elements known after the date of approval of the consolidated financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the Annual General Meeting called to decide on these financial statements.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Rallye by your Annual General Meeting held on 29 June 1993 for KPMG S.A. and on 1 June 1999 for Ernst & Young et Autres.

As at 31 December 2019, KPMG S.A. and ERNST & YOUNG et Autres were in the twenty-first and twenty-seventh year of total uninterrupted engagement, respectively.

Previously, Barbier Finault et Associés had been Statutory Auditor of Rallye since 1995.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. 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 consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains 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 internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 7 April 2020

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.
Jean-Marc Discours

Ernst & Young et Autres
Henri-Pierre Navas

Consolidated financial statements

The following tables include individually rounded data. Consequently, the totals and sub-totals shown may not correspond exactly to the sum of the reported amounts.

Consolidated income statement

(€ millions)	Notes	2019	2018 (restated)[1]
Continuing operations			
Net sales	6/7.1	**34,652**	34,335
Other income	7.1	**666**	535
Total income	**7.1**	**35,318**	**34,870**
Cost of goods sold	7.2	**(26,550)**	(25,902)
Gross margin		**8,768**	**8,968**
Selling expenses	7.3	**(6,100)**	(6,244)
General and administrative expenses	7.3	**(1,392)**	(1,374)
Recurring operating income	**6.1**	**1,276**	**1,350**
Other operating income	7.5	**61**	350
Other operating expenses	7.5	**(810)**	(751)
Operating income		**527**	**948**
Income from cash and cash equivalents	12.5.1	**39**	37
Cost of gross debt	12.5.1	**(515)**	(478)
Cost of net debt	**12.5.1**	**(476)**	**(441)**
Other financial income	12.5.2	**267**	128
Other financial expenses	12.5.2	**(688)**	(509)
Income (loss) before tax		**(370)**	**125**
Income tax expense	10.1	**(137)**	(188)
Share of net income of equity-accounted investees	4.3	**54**	57
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**(453)**	**(6)**
Attributable to owners of the parent		**(413)**	(221)
Attributable to non-controlling interests		**(40)**	215
Discontinued operations			
Net income (loss) from discontinued operations	**4.5.2**	**(1,050)**	**(37)**
Attributable to owners of the parent	4.5.2	**(548)**	(35)
Attributable to non-controlling interests	4.5.2	**(502)**	(2)
Continuing and discontinued operations			
CONSOLIDATED NET INCOME (LOSS)		**(1,504)**	**(43)**
Attributable to owners of the parent		**(962)**	(256)
Attributable to non-controlling interests		**(542)**	213

(€)	Notes	2019	2018 (restated)[1]
Earnings (loss) per share			
From continuing operations			
– Basic	13.10.3	**(7.88)**	(4.15)
From continuing and discontinued operations			
– Basic	13.10.3	**(18.32)**	(4.81)

(1) The comparative information has been restated to reflect changes in accounting methods (relating mainly to IFRS 16 – Leases) and the reclassification of Leader Price and Groupe GO Sport within discontinued operations (note 1.3).

Consolidated statement of comprehensive income

(€ millions)	2019	2018 (restated)[1]
Consolidated net income (loss)	**(1,504)**	**(43)**
Cash flow hedges[2]	**(26)**	22
Foreign currency translation reserves[3]	**(111)**	(778)
Debt instruments and other instruments at fair value through other comprehensive income	**8**	
Hedges of net investments in foreign operations[2]		(1)
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	**(4)**	(10)
Income tax effects	**6**	(7)
Items that may subsequently be reclassified to profit or loss	**(126)**	**(772)**
Equity instruments at fair value through other comprehensive income	**(11)**	(11)
Share of items of equity-accounted investees that will never be subsequently reclassified to profit or loss	**(1)**	(2)
Actuarial gains and losses	**(19)**	(14)
Income tax effects	**6**	6
Items that will never be reclassified to profit or loss	**(25)**	**(21)**
Other comprehensive income (loss), net of tax	**(151)**	**(792)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	**(1,655)**	**(835)**
Attributable to owners of the parent	**(1,019)**	**(440)**
Attributable to non-controlling interests	**(636)**	(395)

(1) The comparative information has been restated to reflect changes in accounting methods, relating mainly to IFRS 16 – Leases (note 1.3).
(2) The change in the cash flow hedge reserve was not material in either 2019 or 2018.
(3) In 2019, the €111 million negative net translation adjustment arose primarily from the depreciation of the Brazilian, Argentine and Uruguayan currencies, for €70 million, €57 million and €54 million respectively, partially offset by the appreciation of the Colombian peso for €68 million.
The €778 million negative net translation adjustment in 2018 essentially concerned the depreciation of the Brazilian and Colombian currencies, for €678 million and €43 million, respectively.

Changes in other comprehensive income are presented in note 13.7.2.

Consolidated statement of financial position

Assets

(€ millions)	Notes	31 December 2019	31 December 2018 (restated)[1]	1 January 2018 (restated)[1]
Goodwill	11.1	**8,483**	9,684	10,106
Intangible assets	11.2	**2,297**	2,292	2,321
Property, plant and equipment	11.3	**5,115**	5,866	7,365
Investment property	11.4	**494**	497	495
Right-of-use assets	8.1	**4,838**	4,726	4,743
Investments in equity-accounted investees	4.3.3	**341**	501	565
Other non-current assets	7.9	**1,243**	1,256	1,205
Deferred tax assets	10.2	**772**	673	625
Total non-current assets		**23,582**	**25,495**	**27,425**
Inventories	7.6	**3,782**	3,972	4,006
Trade receivables	7.7	**836**	923	906
Other current assets	7.8	**1,240**	1,323	1,269
Other current financial assets	12.1.1	**419**	220	54
Current tax assets		**112**	166	140
Cash and cash equivalents	12.1.2	**3,645**	3,801	3,511
Assets held for sale	4.5.1	**2,726**	8,699	7,549
Total current assets		**12,759**	**19,105**	**17,435**
TOTAL ASSETS		**36,341**	**44,599**	**44,860**

Equity and liabilities

(€ millions)	Notes	31 December 2019	31 December 2018 (restated)[1]	1 January 2018 (restated)[1]
Share capital	13.2	**157**	161	156
Retained earnings and net income (loss)		**(369)**	663	1,117
Equity attributable to owners of the parent		**(213)**	**824**	**1,273**
Non-controlling interests	13.8	**6,505**	9,040	9,695
Total equity		**6,292**	**9,864**	**10,968**
Non-current provisions for employee benefits	9.2	**357**	371	364
Other non-current provisions	14.1	**466**	481	514
Non-current financial liabilities	12.2	**8,318**	9,442	9,532
Non-current lease liabilities	8.1	**3,938**	3,679	3,707
Non-current put options granted to owners of non-controlling interests	4.4.1	**61**	63	28
Other non-current liabilities	7.10	**190**	483	497
Deferred tax liabilities	10.2.2	**566**	667	740
Total non-current liabilities		**13,897**	**15,186**	**15,381**
Current provisions for employee benefits	9.2	**11**	11	10
Other current provisions	14.1	**153**	163	173
Trade payables	5.2	**6,602**	6,789	6,769
Current financial liabilities	12.2	**4,524**	2,827	2,334
Current lease liabilities	8.1	**740**	706	709
Current put options granted to owners of non-controlling interests	4.4.1	**105**	126	143
Current tax liabilities		**48**	124	88
Other current liabilities	07.10	**2,872**	2,682	2,592
Liabilities associated with assets held for sale	4.5.1	**1,097**	6,124	5,693
Total current liabilities		**16,152**	**19,550**	**18,511**
TOTAL EQUITY AND LIABILITIES		**36,341**	**44,599**	**44,860**

(1) The comparative information has been restated to reflect changes in accounting methods, relating mainly to IFRS 16 – Leases (note 1.3).

Consolidated statement of cash flows

(€ millions)	Notes	2019	2018 (restated)[1]
Net income (loss) before tax from continuing operations		(370)	125
Net income (loss) before tax from discontinued operations	4.5.2	(976)	25
Consolidated net income (loss) before tax		**(1,344)**	**150**
Depreciation/amortisation for the year	7.4	1,350	1,306
Provision and impairment expense	5.1	249	266
Unrealised losses (gains) arising from changes in fair value	12.3.2	44	50
Expenses (income) on share-based payment plans	9.3.1	14	23
Other non-cash items		(56)	66
(Gains) losses on disposals of non-current assets	5.4	9	(232)
(Gains) losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		11	(12)
Dividends received from equity-accounted investees	4.3.1/4.3.3	52	55
Cost of net debt	12.5.1	476	441
Interest paid on leases, net		268	218
Non-recourse factoring and associated transaction costs	12.5.2	77	81
(Gains) losses on disposal of discontinued operations	4.5.2	(64)	(17)
Adjustments related to discontinued operations	4.5.2	1,039	381
Net cash from operating activities before change in working capital and income tax		**2,125**	**2,776**
Income tax paid		(259)	(236)
Change in working capital	5.2	124	(120)
Income tax paid and change in working capital: discontinued operations		(875)	204
Net cash from operating activities		**1,113**	**2,624**
Of which continuing operations		*1,989*	*2,030*
Acquisitions of property, plant and equipment, intangible assets and investment property	5.3	(1,108)	(1,189)
Disposals of property, plant and equipment, intangible assets and investment property	5.4	890	1,230
Acquisitions of financial assets	05.11	(445)	(48)
Disposals of financial assets		68	26
Effect of changes in scope of consolidation resulting in acquisition/loss of control	5.5	218	(66)
Effect of changes in scope of consolidation related to equity-accounted investees	5.6	(39)	169
Change in loans and advances granted		(45)	(23)
Net cash from (used in) investing activities of discontinued operations		641	(224)
Net cash from (used in) in investing activities		**179**	**(124)**
Of which continuing operations		*(462)*	*100*
Dividends paid to owners of the parent	13.9	(53)	(17)
Dividends paid to non-controlling interests	5.7	(163)	(266)
Dividends paid to holders of deeply-subordinated perpetual bonds (TSSDI)	13.8	(46)	(48)
Capital reductions/increases for cash		(1)	(16)
Transactions between the Group and owners of non-controlling interests	5.8	(971)	195
Purchases and sales of treasury shares		(40)	(115)
Change in financial assets related to liabilities		(8)	(99)
Increase in borrowings	5.9	5,187	2,603
Repayments of borrowings	5.9	(4,273)	(2,310)
Repayment of lease liabilities		(702)	(614)
Interest paid, net	05.10	(676)	(720)
Other repayments		(12)	(3)
Net cash from (used in) financing activities of discontinued operations		(507)	(433)
Net cash from (used in) financing activities		**(2,263)**	**(1,845)**
Of which continuing operations		*(1,756)*	*(1,411)*
Effect of changes in exchange rates on cash and cash equivalents of continuing operations		(3)	(232)
Effect of changes in exchange rates on cash and cash equivalents of discontinued operations		19	(96)
CHANGE IN CASH AND CASH EQUIVALENTS	**5.9**	**(955)**	**327**
Net cash and cash equivalents at beginning of year		4,578	4,251
– of which net cash and cash equivalents of continuing operations	12.1.2	3,652	3,350
– of which net cash and cash equivalents of discontinued operations		926	901
Net cash and cash equivalents at end of year		3,623	4,578
– of which net cash and cash equivalents of continuing operations	12.1.2	3,544	3,652
– of which net cash and cash equivalents of discontinued operations		80	926
CHANGE IN CASH AND CASH EQUIVALENTS		**(955)**	**327**

(1) The comparative information has been restated to reflect changes in accounting methods (relating mainly to IFRS 16 – Leases) and the reclassification of Leader Price and Groupe GO Sport within discontinued operations (note 1.3).

Consolidated statement of changes in equity

(€ millions)	Share capital	Additional paid-in capital	Treasury shares	Retained earnings and net income (loss) for the year	Other reserves	**Equity attributable to owners of the parent[2]**	Non-controlling interests	Total equity
At 1 January 2018 (reported)	**156**	**1,483**	**(10)**	**887**	**(1,145)**	**1,373**	**9,899**	**11,272**
Effects of applying IFRS 16				(96)		**(96)**	(199)	(295)
Other (note 1.3)				(5)		**(5)**	(5)	(10)
1 January 2018 (restated)[1]	**156**	**1,483**	**(10)**	**786**	**(1,145)**	**1,272**	**9,695**	**10,967**
Other comprehensive income (loss) for the year[1]					(184)	**(184)**	(609)	(792)
Net income (loss) for the year (restated)				(256)		**(256)**	213	(43)
Consolidated comprehensive income (loss) for the year				**(256)**	**(184)**	**(440)**	**(396)**	**(835)**
Equity transactions	(4)	(12)				**(16)**		(16)
Purchases and sales of treasury shares			(7)	29	(20)	**2**	(113)	(112)
Dividends paid[3]	9	24		(51)		**(18)**	(264)	(281)
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries							(35)	(35)
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries[5]				16		**16**	190	206
Other movements					7	**7**	(38)	(31)
31 December 2018 (restated)[1]	**161**	**1,496**	**(17)**	**524**	**(1,342)**	**824**	**9,040**	**9,864**
Effects of applying IFRIC 23 (note 1.3)				(4)		**(4)**	(3)	(7)
At 1 January 2019	**161**	**1,496**	**(17)**	**520**	**(1,342)**	**820**	**9,037**	**9,857**
Other comprehensive income (loss) for the year					(57)	**(57)**	(94)	(151)
Net income (loss) for the year				(962)		**(962)**	(542)	(1,504)
Consolidated comprehensive income (loss) for the year				**(962)**	**(57)**	**(1,019)**	**(636)**	**(1,655)**
Equity transactions	(4)	(13)		(2)		**(19)**		(19)
Purchases and sales of treasury shares			17	18	(10)	**25**	(49)	(24)
Dividends paid[3]				(53)		**(53)**	(172)	(225)
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries[4]				2		**2**	(727)	(725)
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries[5]				11		**11**	(970)	(959)
Other movements				15	7	**22**	22	44
AT 31 DECEMBER 2019	**157**	**1,483**		**(451)**	**(1,402)**	**(213)**	**6,505**	**6,294**

(1) The comparative information has been restated to reflect changes in accounting methods, relating mainly to IFRS 16 – Leases (note 1.3).
(2) Note 13.6.
(3) Dividends paid and payable to non-controlling interests during the year primarily concern Casino for €81 million, GPA for €44 million, Éxito for €24 million and Franprix-Leader Price for €19 million (2018: Casino for €161 million, GPA for €46 million, Franprix-Leader Price for €24 million and Éxito for €19 million).
(4) The negative amount of €725 million mainly corresponds to the loss of control in Via Varejo (note 3).
(5) The negative amount of €959 million mainly corresponds to the project to simplify Casino Group's structure in Latin America, representing a €931 million negative impact (note 3). In 2018, the €206 million positive impact corresponded for the most part to (a) the acquisition by Tikehau Capital and Bpifrance of shares in GreenYellow for €142 million and (b) the additional contribution of €85 million made by the private equity fund Fondo Immobiliaro Colombia to the Viva Malls real estate trust created by Éxito in 2016.

Notes to the consolidated financial statements

Rallye is a French *société anonyme* (joint stock company) registered in France and listed in Eurolist Compartment B of Euronext Paris. The Company and its subsidiaries are hereinafter referred to as the "Group" or the "Rallye Group".

The 2019 consolidated financial statements of Rallye were approved for publication by the Board of Directors on 26 March 2020. They will be submitted for approval by the Annual Shareholders' Meeting.

Note 1
Significant accounting policies

1.1. Accounting standards

Pursuant to European Commission regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Rallye Group are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union at the date of approval of the financial statements by the Board of Directors and applicable at 31 December 2019.

These standards are available on the European Commission's website:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en.

The accounting policies set out below have been applied consistently in all periods presented, after taking account of the new standards, amendments to existing standards and interpretations listed below.

› New standards, amendments to existing standards and interpretations adopted by the European Union and mandatory as from the financial year beginning on 1 January 2019

The European Union has adopted the following standards, amendments to existing standards and interpretations that are applicable for the Group as from the financial year beginning on 1 January 2019:

- IFRS 16 – Leases
- IFRIC 23 – Uncertainty over Income Tax Treatments

The effects of applying IFRS 16 and IFRIC 23 are presented in note 1.3.

The following texts have no material impact on the Group's financial statements:

- Amendments to IFRS 9 – Prepayment Features with Negative Compensation:

  These amendments are applicable on a retrospective basis. The amendments expand the classification of financial assets at amortised cost or at fair value through other comprehensive income, and clarify the application of the "solely a payment of principal and interest" test to certain debt instruments with a prepayment feature where the effect of exercising this clause would reasonably lead to repayments that are lower than the amount of principal and interest due.
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement

  These amendments are applicable on a prospective basis to amendments, curtailments and settlements of defined benefit plans. They require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement.
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures

  These amendments are applicable on a retrospective basis. They clarify that IFRS 9 (including the impairment rules) applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- IFRS Annual Improvements 2015-2017 Cycle

  The main standards concerned are:

  - IAS 12 – Income Taxes: these amendments clarify that the income tax consequences of dividend payments (i.e., distributions of earnings) should be recognised when the distribution liability is recognised, in profit or loss, equity or other comprehensive income according to where the transactions that generated the distributed earnings were presented. They will be applicable on a retrospective basis as from the first comparative period presented.
  - IAS 23 – Borrowing Costs: these amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally. These amendments are applicable on a prospective basis.

› Standards, amendments to existing standards and interpretations adopted by the European Union and early adopted by the Group

- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

The first phase of this project, focusing on the presumed continuity of hedge effectiveness, mandatory for financial years beginning on or after 1 January 2020, was early adopted by the Group as of 1 January 2019.

These amendments, designed to enable entities to provide useful financial information during the period of uncertainty related to the IBOR reform, modify certain hedge accounting provisions. The amendments also require entities to provide investors with specific disclosures about their hedging relationships which are directly affected by these uncertainties. The adoption of these amendments did not have a material impact on the consolidated financial statements.

1.2. Basis of preparation and presentation of the consolidated financial statements

› 1.2.1. Going concern

The consolidated financial statements for the year ended 31 December 2019 have been prepared on a going concern basis.

The cash flow forecasts prepared for Rallye and its subsidiaries within the holding company scope for the next 12 months show a cash flow position in line with the estimated obligations resulting from the initiation of the safeguard proceedings. The forecasts factor in the following assumptions:

- stable recurring operating expenses for the next 12 months, in line with historical operating expenses;
- financial income on the basis that no dividends will be paid by Casino over the next 12 months;
- no dividend to be paid by Rallye to its shareholders over the next 12 months.

On 28 February 2020, the Paris Commercial Court approved the Rallye safeguard plan. However, in the event of an adverse change in the assumptions used, or a failure by Rallye or its subsidiaries concerned by the safeguard proceedings to meet their obligations at the end of the period covered by those proceedings, the entities may not be able to realise their assets or settle their liabilities within the ordinary course of their operations.

› 1.2.2. Basis of measurement

The consolidated financial statements have been prepared using the historical cost convention, with the exception of the following:

- assets and liabilities acquired in a business combination, which are measured at fair value in accordance with IFRS 3;
- derivative financial instruments and financial assets, which are measured at fair value. The carrying amounts of assets and liabilities hedged by a fair value hedge which would otherwise be measured at cost are adjusted for changes in fair value attributable to the hedged risk.

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

› 1.2.3. Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities and income and expenses, as well as the disclosures made in certain notes to the consolidated financial statements. Due to the inherent uncertainty of assumptions, actual results may differ from the estimates. Estimates and assessments are reviewed at regular intervals and adjusted where necessary to take into account past experience and any relevant economic factors.

The main judgements, estimates and assumptions are based on the information available when the consolidated financial statements are drawn up and concern the following:

- measurement of non-current assets and goodwill (note 11.5).

For operating subsidiaries, the judgements, estimates and assumptions used also concern:

- classification and measurement of Leader Price's net assets, as well as assets of the France segment, in accordance with IFRS 5 (note 4.5);
- measurement of non-current assets and goodwill (note 11.5);
- measurement of deferred tax assets (note 10);
- recognition, presentation and measurement of the recoverable amounts of tax credits or taxes (mainly ICMS, PIS and COFINS in Brazil) (notes 6.1, 9.1 and 14.3);
- IFRS 16 transition method, notably the determination of discount rates and the lease term for the purpose of measuring the lease liability for leases with renewal or termination options (note 1.3);
- provisions for risks (note 14), particularly tax and employee-related risks in Brazil.

1.3. Changes in accounting methods and restatement of comparative information

1.3.1. Impact on the consolidated financial statements

The tables below show the impact on the previously published consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows, resulting mainly from the retrospective application of IFRS 16 – Leases (note 1.3.2) and the reclassification of Leader Price and Groupe GO Sport within discontinued operations in accordance with IFRS 5 (discontinued operations include Leader Price, Groupe GO Sport and Via Varejo for the two financial years presented).

Two other impacts reflected in the "Other" column essentially relate to:

- the finalisation of the purchase price allocation for Sarenza, acquired in 2018, which primarily led to the recognition of the Sarenza trademark;
- the change in the method of presenting costs to obtain contracts.

  In 2019, Casino Group reviewed the presentation of these costs in its statement of financial position. Costs to obtain contracts, previously included in other current and non-current assets, are now included in "Other intangible assets". Casino Group believes that this voluntary change of presentation improves the quality of its financial disclosures, as it reflects the way in which this investment – related to the management of the franchise – is itself managed, i.e., as though Casino Group had acquired an intangible asset (customer relationship). In the income statement, costs to obtain contracts are now recognised over the term of the contract as an amortisation expense within selling expenses and no longer as an expense within cost of goods sold. The amortisation expense for 2018 amounted to €39 million (including the portion relating to Leader Price as a discontinued operation). The reclassification qualifies as a change of method and has therefore been applied retrospectively to 2018 as if the new presentation had been adopted at the beginning of that year.

The introduction of IFRIC 23 – Uncertainty over Income Tax Treatments did not result in any significant changes to the measurement of uncertain tax balances in the financial statements at 31 December 2018. Casino Group also reclassified a number of statement of financial position items from "Provisions for risks and expenses" to "Current tax liabilities" and/or "Deferred taxes". IFRIC 23 was applied using the modified retrospective method, i.e., with no restatement of comparative information (note 10).

Impact on the main consolidated income statement indicators in 2018

(€ millions)	2018 (reported)[1]	IFRS 16 restatements	Discontinued operations: Leader Price	Discontinued operations: Groupe GO Sport	Other[2]	2018 (restated)
Net sales	37,495		(2,275)	(885)		34,335
Other income	534		(8)		9	535
Total income	**38,029**		**(2,283)**	**(885)**	**9**	**34,870**
Cost of goods sold	(28,384)	25	1,867	550	39	(25,902)
Gross margin	**9,646**	**25**	**(416)**	**(335)**	**48**	**8,968**
Selling expenses	(6,956)	149	335	277	(50)	(6,244)
General expenses	(1,481)	4	65	45	(7)	(1,374)
Recurring operating income	**1,209**	**179**	**(15)**	**(13)**	**(9)**	**1,350**
Operating income	**825**	**121**	**21**	**(6)**	**(12)**	**948**
Cost of net debt	(454)	7	1	6		(441)
Other financial income and expenses	(164)	(220)	1	2	(1)	(381)
Income before tax	**207**	**(92)**	**23**	**2**	**(14)**	**125**
Income tax expense	(209)	18	(5)	4	4	(188)
Share of net income of equity-accounted investees	14		43			57
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**13**	**(74)**	**61**	**6**	**(11)**	**(6)**
Attributable to owners of the parent	(218)	(30)	27	6	(6)	(221)
Attributable to non-controlling interests	230	(44)	33		(5)	215
Net income (loss) from discontinued operations	**(21)**	**48**	**(60)**	**(4)**	**1**	**(37)**
Attributable to owners of the parent	(5)	2	(27)	(4)		(35)
Attributable to non-controlling interests	(16)	46	(33)		1	(2)
CONSOLIDATED NET INCOME (LOSS)	**(8)**	**(26)**	**0**		**(8)**	**(43)**
Attributable to owners of the parent	(223)	(29)	0		(4)	(256)
Attributable to non-controlling interests	215	2	0		(4)	213

(1) Via Varejo was classified within discontinued operations in 2018.
(2) Mainly the change in the method of presenting costs to obtain contracts.

Impact on the main consolidated statement of cash flow indicators in 2018

(€ millions)	2018 (reported)	IFRS 16 restatements	IFRS 5 restatements	Other	2018 (restated)
Net cash from operating activities	**1,466**	**1,041**	**48**	**68**	**2,624**
Of which consolidated net income before tax	*161*	*3*		*(13)*	*151*
Of which other components of cash flow	*1,489*	*1,047*	*46*	*44*	*2,626*
Of which change in operating working capital and income tax paid	*(450)*	*(9)*	*65*	*37*	*(357)*
Of which income tax paid and change in operating working capital: discontinued operations	*266*		*(63)*		*204*
Net cash from (used in) investing activities	**(54)**			**(69)**	**(124)**
Of which net cash related to acquisitions and disposals of non-current assets	*36*		*76*	*(69)*	*43*
Of which effect of changes in scope of consolidation resulting in acquisition or loss of control	*(96)*		*29*		*(67)*
Of which cash from (used in) discontinued operations	*(119)*		*(105)*		*(224)*
Net cash from (used in) financing activities	**(757)**	**(1,041)**	**(47)**		**(1,845)**
Of which repayments of lease liabilities		*(662)*	*44*		*(618)*
Of which interest paid, net	*(520)*	*(209)*	*(2)*		*(731)*
Of which cash from (used in) discontinued operations	*(167)*	*(184)*	*(81)*		*(433)*
Effect of changes in exchange rates on cash and cash equivalents	(328)				(328)
CHANGE IN CASH AND CASH EQUIVALENTS	**327**				**327**
Net cash and cash equivalents at beginning of year	4,251				4,251
Net cash and cash equivalents at end of year	4,578				4,578

Impact on the main consolidated statement of financial position indicators at 1 January 2018

(€ millions)	1 January 2018 (reported)	IFRS 16 restatements	Other[1]	1 January 2018 (restated)
Goodwill	10,106			10,106
Intangible assets, property, plant and equipment, and investment property	10,828	(776)	128	10,181
Right-of-use assets		4,743		4,743
Investments in equity-accounted investees	564			565
Other non-current assets	1,313	(10)	(98)	1,205
Deferred tax assets	524	96	5	625
Total non-current assets	**23,336**	**4,053**	**35**	**27,425**
Inventories	4,015	(1)	(8)	4,006
Trade receivables	906			906
Other current assets	1,320	(18)	(33)	1,269
Other current financial assets	54			54
Current tax assets	139			140
Cash and cash equivalents	3,511			3,511
Assets held for sale	6,551	998		7,549
Total current assets	**16,496**	**979**	**(41)**	**17,435**
TOTAL ASSETS	**39,832**	**5,032**	**(6)**	**44,860**
Equity attributable to owners of the parent	1,373	(96)	(6)	1,273
Non-controlling interests	9,899	(200)	(6)	9,695
Total equity	**11,272**	**(296)**	**(11)**	**10,968**
Non-current provisions for employee benefits	363			364
Other non-current provisions	514			514
Non-current financial liabilities, gross	9,578	(47)		9,532
Non-current lease liabilities		3,707		3,707
Non-current put options granted to owners of non-controlling interests	28			28
Other non-current liabilities	506	(8)		497
Deferred tax liabilities	725	16		740
Total non-current liabilities	**11,714**	**3,668**		**15,381**
Current provisions for employee benefits	11			10
Other current provisions	169		5	173
Trade payables	6,788	(20)		6,769
Current financial liabilities, gross	2,352	(17)		2,334
Current lease liabilities		709		709
Current put options granted to owners of non-controlling interests	143			143
Current tax liabilities	88			88
Other current liabilities	2,619	(28)		2,592
Liabilities associated with assets held for sale	4,677	1,017		5,693
Total current liabilities	**16,846**	**1,661**	**5**	**18,511**
TOTAL EQUITY AND LIABILITIES	**39,832**	**5,032**	**(6)**	**44,860**

(1) Mainly the change in the method of presenting costs to obtain contracts.

Impact on the main consolidated statement of financial position indicators at 31 December 2018 and 1 January 2019

(€ millions)	31 December 2018 (reported)	IFRS 16 restatements	Other[1]	31 December 2018 (restated)	IFRIC 23 restatements	1 January 2019 (restated)
Goodwill	9,691		(8)	9,684		**9,684**
Intangible assets, property, plant and equipment, and investment property	9,332	(835)	158	8,656		**8,656**
Right-of-use assets		4,726		4,726		**4,726**
Investments in equity-accounted investees	500			501		**501**
Other non-current assets	1,380	(13)	(111)	1,256		**1,256**
Deferred tax assets	554	110	9	673	(7)	**666**
Total non-current assets	**21,458**	**3,988**	**48**	**25,495**	**(7)**	**25,489**
Inventories	3,981	(1)	(9)	3,972		**3,972**
Trade receivables	924	(1)		923		**923**
Other current assets	1,378	(13)	(41)	1,323		**1,323**
Other current financial assets	220			220		**220**
Current tax assets	166			166		**166**
Cash and cash equivalents	3,801			3,801		**3,801**
Assets held for sale	7,241	1,458		8,699		**8,699**
Total current assets	**17,711**	**1,443**	**(50)**	**19,105**		**19,103**
TOTAL ASSETS	**39,169**	**5,431**	**(2)**	**44,599**	**(7)**	**44,592**
Equity attributable to owners of the parent	957	(124)	(10)	824	(4)	**820**
Non-controlling interests	9,230	(181)	(9)	9,040	(4)	**9,036**
Total equity	**10,187**	**(305)**	**(19)**	**9,864**	**(7)**	**9,857**
Non-current provisions for employee benefits	371			371		**371**
Other non-current provisions	483	(2)		481	(6)	**475**
Non-current financial liabilities	9,477	(35)		9,442		**9,442**
Non-current lease liabilities		3,678		3,679		**3,679**
Non-current put options granted to owners of non-controlling interests	63			63		**63**
Other non-current liabilities	492	(13)	4	483	6	**489**
Deferred tax liabilities	637	28	3	667		**667**
Total non-current liabilities	**11,521**	**3,656**	**7**	**15,186**		**15,186**
Current provisions for employee benefits	11			11		**11**
Other current provisions	157	(3)	10	163	(3)	**160**
Trade payables	6,809	(20)		6,789		**6,789**
Current financial liabilities	2,839	(12)		2,827		**2,827**
Current lease liabilities		705		706		**706**
Current put options granted to owners of non-controlling interests	126			126		**126**
Current tax liabilities	124			124	3	**127**
Other current liabilities	2,712	(31)	1	2,682		**2,682**
Liabilities associated with assets held for sale	4,683	1,440		6,124		**6,124**
Total current liabilities	**17,461**	**2,079**	**11**	**19,550**		**19,550**
TOTAL EQUITY AND LIABILITIES	**39,169**	**5,431**	**(2)**	**44,599**	**(7)**	**44,592**

(1) Mainly the change in the method of presenting costs to obtain contracts and the allocation of the Sarenza purchase price.

1.3.2. Impact of the first-time adoption of IFRS 16 – Leases

IFRS 16 supersedes IAS 17 and the related interpretations as from 1 January 2019 and removes the distinction between operating and finance leases, introducing a single lessee accounting model and requiring lessees to recognise assets (right to use the underlying leased asset for the estimated term of the lease) and liabilities (lease liability representing the obligation to make lease payments) for substantially all leases. Operating lease expense in the consolidated income statement is replaced by depreciation of the right-of-use asset presented in "Cost of goods sold" or "Selling expenses", and interest expense on the lease liability presented in "Other financial expenses". Up to now, the Group classified most of its leases as operating leases and recognised rental expense on a straight-line basis over the lease term. No asset or liability was recognised except to reflect any timing difference between the rental payment period and the period in which the related expense was recognised.

Compared to IAS 17, applying IFRS 16 has a positive impact on EBITDA (as defined in note 6.1) as well as, to a lesser extent, on recurring operating income, and a negative impact on financial income and expenses.

Consolidated net income may be reduced progressively over successive periods because total rental expense is generally higher at the beginning of the lease and decreases over time, unlike the straight-line charge recognised under the previous standard (IAS 17). Additionally, net cash from operating activities is higher as cash outflows corresponding to the repayment of the principal amount of the lease liability and the related interest payments are classified within cash flows from financing activities.

Right-of-use assets and lease liabilities are presented on separate lines of the consolidated statement of financial position. Lease liabilities are not included in the calculation of net debt, the definition of which remains unchanged. Accordingly, applying IFRS 16 has the effect of decreasing net debt due to the restatement of finance lease liabilities, which were included within "Loans and borrowings" under IAS 17.

The Group has decided to apply IFRS 16 from 1 January 2019 using the retrospective transition approach, by restating all comparative information presented in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The Group has chosen to apply the recognition exemptions in IFRS 16 concerning:

- short-term leases (less than 12 months); and
- leases for which the underlying asset is of low value (value of underlying leased asset less than €5,000).

Lease payments not included in the initial measurement of the lease liability (for example, variable lease payments) are recorded in operating expenses, together with payments for short-term leases and leases for which the underlying asset is of low value.

The assets and finance lease liabilities previously classified under IAS 17 within property, plant and equipment and borrowings have been reclassified to right-of-use assets and lease liabilities, respectively, except for those related to short-term leases and leases for which the underlying asset is of low value.

Lease premiums previously classified within intangible assets have been reclassified to "Right-of-use assets". Right-of-use assets relating to lease premiums are not generally amortised and are tested for impairment whenever there is an indication that they may be impaired.

Sale-and-leaseback transactions prior to 1 January 2019 have not been restated, in accordance with IFRS 16.

A net deferred tax effect has been recorded for the difference between the right-of-use assets and the lease liabilities within the scope of IFRS 16, as was previously the case for finance lease liabilities.

The discount rate used to calculate the value of right-of-use assets and lease liabilities is determined on a country-by-country basis, depending on the lease term. It is calculated for each asset according to the lease term, using the incremental borrowing rate at inception of the lease.

The lease term reflects the non-cancellable period of the lease, plus (or minus) periods covered by an option to extend (or terminate) the lease when that option is reasonably certain to be exercised. For property leases, the Group determined whether it was reasonably certain to exercise any options to extend (or terminate) the leases based mainly on the characteristics of the various leased assets (store formats, warehouses and administrative buildings) and the countries concerned by the leases. For "3-6-9"-type commercial leases in France, French law grants lessees the right to extend the lease upon expiry of the contract, or the right to eviction compensation (*indemnité d'éviction*). If the lessor is required to pay the lessee more-than-insignificant compensation in the event it refuses to extend the lease, questions arise as to whether or not the lessee effectively has an extension option. In this respect, the Group has applied the position set out by the French accounting standards-setter (*Autorité des normes comptables* – ANC) in its 16 February 2018 statement of conclusions. The enforceable term of such leases is therefore nine years; beyond this, the lease term adopted in accordance with IFRS 16 for automatically renewable leases corresponds to the notice period (generally six months).

On 16 December 2019, the IFRS IC published its decision on a request for clarification regarding the following issues:

- determining the enforceable period of an automatically renewable lease, or an indefinite-term lease that can be terminated by one of the parties subject to a specified notice period. The question related to the notion of penalties used as a basis to define the enforceable period;
- the link between the useful life of non-removable leasehold improvements and the IFRS 16 lease term.

The IFRS IC:

- concluded that the broader economics of the lease, and not only its contractual provisions, should be considered in determining the enforceable period of the lease;
- provided a number of clarifications regarding the link between the IFRS 16 lease term and the useful life of non-removable leasehold improvements.

In light of the IFRS IC's final decision, Casino Group has begun a further analysis of its leases in order to identify contracts whose initial accounting under IFRS 16 could be affected. In view of the large number of leases and the publication of this decision late in the year, Casino Group did not apply the decision when preparing its consolidated financial statements at 31 December 2019, since the potential impact of the guidance is still being analysed.

The Group's analyses are focusing particularly on:

- automatically renewable leases or leases that can be terminated at any time;
- assets under lease (stores, warehouses), including non-removable leasehold improvements, whose residual net carrying amount at the end of the IFRS 16 lease term could give rise to a significant penalty (within the meaning of the IFRS IC decision) for Casino Group. These cases could lead the Group to adopt a longer IFRS 16 lease term and/or to re-estimate the useful life of the related non-removable leasehold improvements.

Following certain industry discussions and on completion of these analyses, which are expected to be finalised ahead of the 2020 interim financial statements, Casino Group will be able to decide whether or not this IFRS IC decision significantly modifies its current application of IFRS 16 and/or whether the useful life of the related non-removable leasehold improvements should be re-estimated. In particular, these analyses could call into question the IFRS 16 lease term adopted for "3-6-9"-type leases in France (several thousand contracts concerned), which are currently recognised in accordance with the position published by the ANC in February 2018.

It should be noted that the 2019 published financial statements of Group subsidiary GPA applied this IFRS IC decision. In light of the principle whereby the consolidated financial statements are prepared using consistent accounting methods from one year to the next, and pending the findings of the analyses currently in progress for Casino Group as a whole, the impact of this decision is not reflected in Casino Group's financial statements. This impact is essentially limited to an increase in lease liabilities and right-of-use assets of €188 million and €170 million, respectively, at 31 December 2019.

The table below provides a summary of the impact of applying IFRS 16 on the 2019 and 2018 consolidated income statement and consolidated statement of financial position:

	31 December 2019					31 December 2018				
(€ millions)	**Total**	**France Retail**	**Latam Retail**	**E-commerce**	**Holdings and other activities[1]**	Total	France Retail	Latam Retail	E-commerce	Holdings and other activities[1]
EBITDA	**916**	**590**	**302**	**25**		818	513	285	19	
Recurring operating income	**221**	**104**	**116**	**2**		179	64	114	1	
Other financial income and expenses	**(270)**	**(108)**	**(156)**	**(6)**		(220)	(60)	(156)	(4)	
Increases recorded in the statement of financial position:										
Right-of-use assets	**4,838**	**2,866**	**1,804**	**167**	**2**	4,726	2,776	1,659	157	134
Lease liabilities	**4,678**	**2,807**	**1,680**	**189**	**2**	4,385	2,575	1,490	173	147

(1) The change is a result of the reclassification of Groupe GO Sport within assets held for sale and liabilities associated with assets held for sale

Note 2
Rallye safeguard proceedings

The Rallye holding company scope is defined as Rallye plus its wholly-owned subsidiaries that act as holding companies and own Casino shares, Groupe GO Sport shares and the investment portfolio.

Key steps of the safeguard proceedings for Euris, Finatis, Foncière Euris, Rallye, Cobivia, L'Habitation Moderne de Boulogne (HMB) and Alpétrol

Following persistent and massive speculative attacks against the Group's securities, Rallye and its subsidiaries Cobivia, L'Habitation Modern de Boulogne (HMB) and Alpétrol, along with Rallye's parent companies Foncière Euris, Finatis, and Euris, requested and obtained the initiation of safeguard proceedings (*procédure de sauvegarde*) for an initial six-month period, further to the Court decisions of 23 May 2019 and 17 June 2019. On 25 November and 17 December 2019, the Court extended the observation periods for these companies.

The initiation of safeguard proceedings suspended the activation of all further guarantees – whether relating to Casino shares or cash collateral. The enforcement of security interests granted by Rallye has also been suspended by the proceedings, except for derivatives transactions falling within the scope of Article L. 211-40 of the French Monetary and Financial Code (*Code monétaire et financier*). Rallye and its subsidiaries Cobivia and HMB retain all of the economic interests and voting rights attached to pledged shares.

Recap of the net debt structure of the Rallye holding company scope as of the initiation of the safeguard proceedings

As of the initiation of the safeguard proceedings, the Rallye holding company scope's gross debt (excluding debt under derivatives transactions) was as follows:

(€ millions)	Rallye
Debt secured by pledges over Casino shares[1]	1,153
Debt secured by pledges over shares of Rallye subsidiaries (other than Casino)	204
Unsecured debt	1,566
TOTAL[2]	**2,923**

(1) As a reminder, the margin call mechanisms provided for in the existing share pledges are suspended for the duration of the safeguard plans.
(2) Including €17 million in accrued interest at 23 May 2019.

Derivatives transactions mainly structured in the form of forward sales and equity swaps entered into by Rallye, HMB and Cobivia (hereafter referred to as "structured derivatives transactions") for a total amount of €231 million, are not covered by the safeguard plans in accordance with Article L. 211-40 of the French Monetary and Financial Code. This article authorises security interests granted in respect of financing agreements to be terminated, offset or exercised despite the initiation of safeguard proceedings. The other exemptions granted under safeguard proceedings are, however, applicable to these agreements. These structured derivatives transactions were the subject of specific agreements dated 25 November 2019.

Agreements restructuring the derivatives transactions entered into by Rallye, Cobivia and HMB

On 25 November 2019, Rallye and its subsidiaries Cobivia and HMB announced the entry into force of agreements with three financial institutions regarding the restructuring of the terms and conditions of their derivatives transactions mainly structured in the form of forward sales and equity swaps. The agreements cover derivatives transactions amounting to a total of €231 million (net of cash collateral assigned to payment), including €142.8 million for Rallye, €54.7 million for Cobivia and €33.6 million for HMB. The transactions are secured by pledges over 9.5 million Casino shares, representing 8.73% of Casino's share capital (including 5.8 million Casino shares held by Rallye, representing 5.4% of Casino's share capital). 50% of the amount of the derivatives transactions will have to be repaid at the latest on 30 June 2021 (i.e., €100.5 million taking into account the amount of €30 million in the form of additional cash collateral allocated between the institutions pro rata to their respective amounts in the derivatives transactions), with the balance being repaid at the latest on 31 December 2022, it being specified that Rallye will in each case be able to exercise an early repayment option for such derivatives transactions. All or some of the financial institutions concerned may, if applicable, trigger the early repayment of the derivatives transactions or demand payment of their claims under the derivatives transactions and exercise the related security interests in the following main cases of default: failure to effectively implement the safeguard plans, loss of direct or indirect control of Casino Group, cross default and non-compliance with a coverage ratio determined as a certain proportion calculated as the value of the Casino shares pledged as collateral for the derivatives transactions as compared to the notional amount of such derivatives transactions (net of cash collateral), it being specified that the companies will have the right to pledge additional Casino shares as collateral for such transactions. The restructuring agreements did not have a material impact on the financial statements and were accounted for as debt modifications under IFRS 9.

On 2 March 2020, Rallye announced that it had entered into a facility with EP Investment S.à.r.l (an entity controlled by Daniel Křetínský), for the purpose of (i) refinancing the derivatives transactions of Rallye, HMB and Cobivia and (ii) financing the general corporate needs of Rallye for an amount of up to €15 million. This facility, for a total amount of up to €233 million and with fully paid-in-kind interest, will have a four-year duration as from the signing of the facility (with a one-year extension under certain conditions). The drawdown of the facility remains subject to the execution of a fiduciary trust agreement. Upon drawdown of the facility, EP Investment S.à.r.l would benefit from a fiduciary trust of approximately 8.73% of Casino's share capital, corresponding to a number of shares equivalent to the number of shares currently pledged to the financial institutions party to the derivatives transactions. Any dividend distribution by Casino in respect of the shares placed in the fiduciary trust will be allocated to the repayment of the facility. Assuming it is drawn down, this facility would allow repayment of all amounts owed under the derivatives transactions.

On 26 March 2020, Rallye's Board of Directors approved, in the context of the developments in the financial markets relating to the Coronavirus (Covid-19) epidemic, an agreement with Fimalac (a company controlled by Marc Ladreit de Lacharrière) in view of the refinancing of the derivatives transactions entered into by Rallye, Cobivia and HMB. Pursuant to this agreement, Fimalac has undertaken to provide a financing facility with a maturity of four years (with a one-year extension subject to Fimalac's agreement) either to a subsidiary of Euris until 31 December 2020, or to Rallye at the latest on 5 January 2021. The maximum amount of this facility is €215 million. In this unprecedented context, it cannot be excluded that the abovementioned coverage ratio may not be complied with, which could result in the loss for Rallye of 8.73% of Casino's share capital, and could affect the implementation of the safeguard plans approved by the Paris Commercial Court. Therefore, should the financial institutions party to the derivatives transactions exercise the share pledges and appropriate the Casino shares pledged to their benefit, Fimalac has undertaken to finance Par-Bel 2 (a wholly-owned subsidiary of Euris) so that Par-Bel 2 is able to offer liquidity to the relevant financial institutions that have appropriated Casino shares. In such case, the repurchased shares would be directly transferred to a fiduciary trust for the benefit of Fimalac as collateral to guarantee the financing facility granted to Par-Bel 2. In the event that the financing facility granted by Fimalac to Par-Bel 2 is not drawn down before 31 December 2020, Fimalac would grant a financing facility to Rallye, on first demand by Rallye and at the latest on 5 January 2021, under terms identical to those of the Par-Bel 2 facility in order to allow Rallye to proceed with the repayment of its derivatives transactions. The drawdown of the facility remains subject to the execution of a fiduciary trust agreement. In light of the agreement with Fimalac, Rallye decided to cancel the credit line with EP Investment S.à.r.l.

Results of the creditor consultation

The judicial representatives sent liabilities repayment proposals to the companies' creditors, in order to obtain their acceptance or refusal.

The consultation resulted in 71% acceptance of the proposals (all creditors included) (representing €2,075 million), as follows:

- claims secured by pledges over Casino shares: 100% acceptance of the proposals by the relevant creditors (representing €1,153 million);
- claims secured by pledges over shares of Rallye subsidiaries (other than Casino): 100% acceptance of the proposals by the relevant creditors (representing €204 million);
- unsecured claims (in particular certain bilateral credit lines, bonds and commercial paper): 46% acceptance of the proposals by the relevant creditors (including bondholders) representing €720 million.

Repayment profile of liabilities included in the safeguard proceedings

By a decision dated 28 February 2020, the Paris Commercial Court approved the repayment undertakings included in the liabilities repayment proposals described in the press release dated 9 December 2019. Therefore, taking into account securities pledges, the repayment profiles (debt only) resulting from the undertakings are as follows[1].

The repayment profiles are based on the following assumptions:

- the chain of control over Casino being maintained over the period 2020-2030, thus securing the dividend flows for the relevant companies; and
- the refinancing of the 2030 Rallye maturity.

The companies benefit from three categories of resources to repay their liabilities:

- dividends from Casino;
- sale of their non-strategic assets; and
- different refinancing options. In particular, acceptance of the creation of a second-rank pledge over Casino shares may allow for financing to be arranged for the purpose of early repayment and/or repurchase, which would be proposed in the form of an amendment to the safeguard plan under the same terms and conditions to all holders of claims admitted to Rallye's liabilities and which are not secured by pledges over Casino shares[2]. A maximum number of approximately 44 million Casino shares may be pledged under such second-rank pledges.

(1) In nominal amounts, net of the proceeds and cash collateral at 23 May 2019. Where applicable, contractual interest and potential fees will continue to apply for the duration of the plan. As regards claims secured by pledges over listed shares, the repayment profile takes into account the existing securities pledges. Such pledges allow the creditors to appropriate any proceeds in advance and may lead to faster repayment compared to the undertakings under the liabilities repayment proposals.

(2) These second-rank pledges over Casino shares may in no case infringe the rights of the creditors benefiting from a first-rank pledge over Casino shares. The second-rank pledges over Casino shares will not contain any margin call mechanism. Margin call mechanisms apply in the event that the value of securities pledged to the benefit of a creditor is less than a certain ratio contractually set: the debtor must immediately pledge additional securities or, where possible under the agreement, provide cash collateral if such debtor cannot pledge additional securities. The share pledge agreements provide for a coverage ratio of 130% of the outstanding amount. The margin call mechanisms have been suspended as from the initiation of the safeguard proceedings at the companies.

In accordance with IAS 1, Rallye has chosen to classify all the financial liabilities of the holding company scope as current liabilities. The treatment of other non-current liabilities carried by the Group's other entities remains unchanged.

Pledging status of Casino securities held by Rallye

Rallye holds a 33.68% direct stake in the share capital of Casino, Guichard-Perrachon, and a 19.03% indirect stake through its subsidiaries Cobivia, HMB and Alpétrol. The direct and indirect stake in Casino's share capital represented 56.7 million securities at 31 December 2019, of which shares representing 40.6% of Casino's share capital had been pledged to financial institutions as collateral for loans and lines of credit, and shares representing 8.7% of Casino's share capital had been pledged under derivatives transactions.

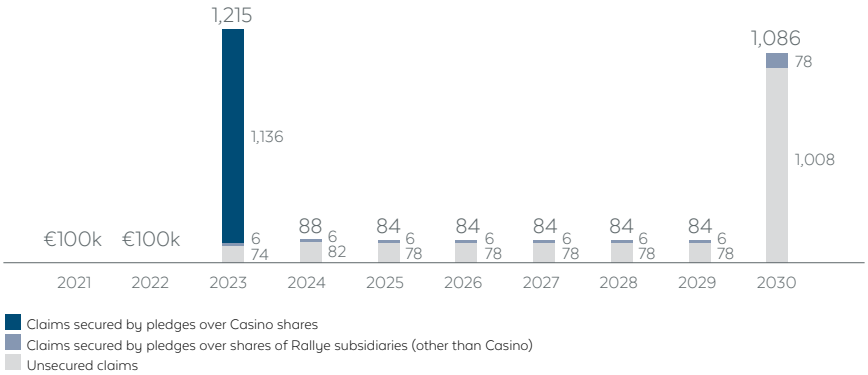
Repayment schedule for debt related to the safeguard plan for the Rallye holding company scope

The liability repayment schedule in a total amount of €2,809 million corresponds to:

- gross debt as of the initiation of Rallye's safeguard proceedings for €2,906 million (excluding accrued interest at 23 May 2019 for €17 million);
- net of cash collateral of €97 million, which will be appropriated by the creditors in accordance with the approved safeguard plan (presented under "Other current financial assets" at 31 December 2019).

RALLYE REPAYMENT SCHEDULE

(€ millions)



Safeguard proceedings protect companies which are unable to suspend payments, and are designed to afford them time to restructure their debt repayments (which can be spread over a maximum period of 10 years) and secure their long-term operations. Pending the establishment of a safeguard plan, it suspends the payment of debt contracted prior to the initiation of the proceedings. On 28 February 2020, the Paris Commercial Court approved the safeguard plans for all of the companies.

Under the safeguard proceedings, Rallye intends to manage liquidity risk by restructuring its debt and continuing its development with confidence, thereby ensuring the Group's integrity and consolidating its financial position in a more stable environment.

As the plan was approved after the year-end, the Group is currently assessing the accounting impacts arising from the new liability repayment schedule based on the provisions and criteria set out in IFRS 9, particularly on the qualification of debt renegotiations as a modification to or an extinguishment of the original debt.

Implementation of the safeguard plans

The Paris Commercial Court appointed SCP Abitbol & Rousselet (Maitre Frédéric Abitbol) and SELAR FHB (Maitre Hélène Bourbouloux) as administrators to oversee the implementation of the plan.

In accordance with Article L. 626-14 of the French Commercial Code (*Code de commerce*), the Paris Commercial Court ruled that all assets owned by the companies will be non-transferable for the duration of the safeguard plans, barring any exceptions to allow for the proper execution of the safeguard plans.

Note 3
Significant events of the year

Significant events of the year included:

Disposal of Courir

On 28 February 2019, Rallye announced that its wholly-owned subsidiary Groupe GO Sport had completed the sale of the Courir business to Equistone Partners Europe for €283 million.

Planned disposal of Groupe GO Sport

A disposal process for Groupe GO Sport was ongoing at 31 December 2019. In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (notes 4.5.1 and 4.5.2), the assets and liabilities held for sale were therefore reclassified to a separate line of the statement of financial position. The assets include the recognition of an impairment loss of €151 million recorded to reduce the carrying amount of the disposal group to its fair value less costs to sell.

Groupe GO Sport's post-tax net income and cash flows for the years ended 31 December 2019 and 2018 are reported on a separate line of the income statement under "Net income (loss) from discontinued operations".

Disposal plan for Casino Group's non-strategic assets

On 11 June 2018, Casino Group announced that it was launching a non-strategic asset disposal plan to support ongoing transformation of its business model to focus on fast-growing store formats and geographies, and to accelerate the deleveraging process in France. The initial scope of the plan, i.e., €1.5 billion, was increased in March and then in August 2019, and now stands at €4.5 billion.

At 31 December 2019, transactions carried out under the plan amounted to €2,100 million, of which €1,105 million in 2018 (the sale of 15% of Mercialys through an equity swap for €213 million, the acquisition by Tikehau Capital and Bpifrance of shares in GreenYellow for €150 million and the sale-leaseback of Monoprix real estate assets for €742 million). The main transactions in 2019 included:

- the sale-leaseback on 8 March 2019 of 13 Géant Casino, 3 Hyper Casino and 10 Casino Supermarkets store properties to funds managed by Fortress for a consideration of €392 million; a variable component was recognised in the consolidated financial statements in this respect for €33 million. The transaction includes a variable component whereby Casino Group could receive up to an additional €120 million depending mainly on the future yield on the properties sold. Casino Group will continue to operate the stores under leases representing annual rent of €32 million;
- the sale-leaseback on 15 October 2019 of 31 store properties (12 Géant Casino and 19 Monoprix and Casino Supermarkets stores) valued at €465 million, to funds managed by companies affiliated with Apollo Global Management. The consideration for the transfer of 30 assets totals €327 million and includes a variable component whereby Casino Group could receive up to an additional €120 million. The Group will continue to operate these 31 stores under leases representing annual rent of €27 million.

These two sale-leaseback transactions generated a capital loss before tax of €25 million (after adjusting for the impact of IFRS 16), presented in "Other operating expenses".

Casino sold its contract catering services subsidiary R2C at the end of June 2019. This transaction had no material impact on the financial statements.

On 22 July 2019, Casino Group announced the signing of an agreement to sell Vindémia for €219 million.

On 20 March 2020, Casino announced the signing of an agreement with Aldi to sell Leader Price in France for an enterprise value of €735 million, including a €35 million earn-out contingent (see below and note 16).

Planned sale of Leader Price

In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (notes 4.5.1 and 4.5.2):

- the assets and liabilities held for sale have been reclassified in the consolidated statement of financial position under "Assets held for sale" for €1,362 million and "Liabilities associated with assets held for sale" for €706 million. The €656 million net asset value at 31 December 2019 includes an impairment loss of €704 million recorded to reduce the carrying amount of Leader Price to its fair value less costs to sell, as estimated in the context of the sale transaction in progress with Aldi;
- Leader Price's post-tax net income and cash flows for the years ended 31 December 2019 and 2018 are reported on a separate line in the consolidated income statement under "Net income (loss) from discontinued operations".

Closure and disposals of loss-making stores

Casino Group continues to implement the plan announced in 2018 to close or dispose of loss-making stores. In 2019, agreements were signed to sell 31 integrated stores (including 17 hypermarkets) for a combined consideration of €281 million; as of 31 December 2019, Casino Group had completed the sale of 28 stores (including 15 hypermarkets) and received consideration of €165 million.

Also, 36 loss-making integrated stores have been closed since 2018. Together, these stores represented net sales of around €483 million in 2018 for a trading loss of €39 million. The gain in trading profit on these stores on a full-year basis including the associated structural costs will therefore be around €50 million.

All of these streamlining transactions gave rise to the recognition of a €151 million expense in "Other operating expenses" for the year ended 31 December 2019 (note 7.5).

Simplified structure of Casino Group in Latin America

In the second half of 2019, Casino Group completed its project to simplify its structure in Latin America. This involved:

- an all-cash tender offer launched by GPA for 100% of Éxito's shares, to which Casino tendered all of its stake (55%);
- the acquisition by Casino of the shares held by Éxito in Ségisor (which itself held 99.9% of the voting rights and 37% of the economic rights of GPA);
- the migration of GPA shares to the Novo Mercado B3 listing segment, with the conversion of preferred shares (PN) into ordinary shares (ON) at an exchange ratio of 1:1, bringing an end to the existence of two classes of shares and giving GPA access to a broader base of international investors. The migration was completed at the beginning of March 2020.

The operation was accounted for as an internal reorganisation and, for the purposes of the consolidated financial statements, as a transaction between non-controlling interests. The impact on Casino Group's consolidated financial statements can be summarised as follows:

- changes in the shareholdings in the different subsidiaries (GPA, Éxito, Libertad and Disco/Devoto) are recognised in equity and represented a negative €931 million impact, including a negative €25 million impact arising from transaction fees (see the consolidated statement of changes in equity);
- transaction fees are included in "Other operating expenses" for €36 million (note 7.5) and in equity for the portion directly attributable to the acquisition of non-controlling interests in Éxito through the public tender offer by GPA, representing €25 million net of tax;
- in cash flow terms, the transaction led to a cash outflow of €917 million relating to the acquisition of non-controlling interests (41%) in Éxito (note 5.8); the transaction also enabled the Group to repay the Ségisor loan in an amount of €198 million (note 12.2.2). The transaction increased GPA's debt and decreased Éxito's debt (note 12.2.2, points (1) and (2)).

Upon completion of this transaction, Casino held 41% of the share capital and voting rights of GPA, which in turn held 97% of Éxito's share capital. Éxito remains the majority shareholder of the Group's subsidiaries in Argentina (mainly Libertad with a 100% interest) and Uruguay (mainly Disco and Devoto in which it holds 62.5% and 100%, respectively, of the economic rights). GPA has been listed on the Novo Mercado since 2 March 2020, giving it access to a wide international investor base.

Sale of Via Varejo

On 14 June 2019, GPA completed the process begun on 23 November 2016 to sell its entire stake in its subsidiary, Via Varejo. The transaction was carried out through a block sale on the market at the price of BRL 4.90 per share, representing a total sale price of BRL 2.3 billion (€517 million). Taking into account the two total return swaps (TRS) entered into during the first half of 2019, the total proceeds received from the sale of the stake in Via Varejo amounted to BRL 2.7 billion (€615 million). These transactions led to the recognition of a capital gain after tax of BRL 21 million (€6 million), presented under "Net income (loss) from discontinued operations" (note 4.5.2). The sale decreased non-controlling interests by €742 million (see note (4) to the consolidated statement of changes in equity).

Via Varejo's contribution to net income (loss) from discontinued operations was estimated based on the information available at the date of the sale by GPA of its entire stake in Via Varejo, i.e., 14 June 2019. Since that date, Via Varejo has announced that it would be opening an investigation into allegations of fraud that may have resulted from a correction made to its financial statements for the period prior to the date of the sale. At the date of this report, Casino Group is not aware of any information that would lead to a material change in the financial statements.

Redemption of a Rallye bond issue

On 11 March 2019, Rallye redeemed a €300 million bond, which had reached maturity.

Refinancing and uses of Casino Group's funds

On 22 October 2019, Casino Group announced a plan to refinance its liquidity and financial structure in a transaction that was finalised on 21 November 2019. The refinancing plan included two transactions:

- raising €1.8 billion of secured financing via (i) a €1 billion term loan ("Term Loan B") bearing interest at Euribor (floored at 0) plus 5.5%, and (ii) a high-yield 5.875% bond issue for €800 million, with borrowings falling due in 2024;
- extending €2 billion of confirmed credit lines in France in the form of a new confirmed revolving credit facility ("RCF") maturing in 2023, or in October 2022 if the bond tranche maturing in January 2023 has not been refinanced at that date. The interest on this facility varies depending on the ratio of loans and borrowings to EBITDA (note 12.5.4). This facility covers the France Retail and E-commerce segments and is subject to maintenance covenants tested quarterly as from 31 March 2020 (note 12.5.4).

Term Loan B and the secured high-yield bond enabled the Group to finance the tender offer on the bonds maturing in 2020, 2021 and 2022 for a total cash amount of €806 million, to repay the drawn credit lines for a total amount of €630 million, to partially repay 50% (i.e., €198 million) of the Ségisor loan, and to pay the fees and commissions related to the transaction. The remaining amount was placed in escrow (note 12.1) to be used solely to pay down loans and borrowings. On 9 March 2020, it was used to redeem a bond issue for €271 million (including interest).

On 22 October 2019, Standard & Poor's decided to maintain its B rating for Casino and for the bonds issued under its EMTN programme, and to upgrade its negative watch rating to a negative outlook. S&P's also decided to maintain its CCC rating for deeply-subordinated perpetual bonds (TSSDI) and to assign a B+/negative outlook rating to the secured high-yield bond issue and Term Loan B.

On 23 October 2019, Moody's decided to downgrade its rating for Casino, Guichard-Perrachon from B1/negative outlook to B2/negative outlook, and to downgrade its ratings for the bonds issued under its EMTN programme from B1/negative outlook to B3/negative outlook and for its deeply-subordinated perpetual bonds (TSSDI) from B3 to Caa1/negative outlook.

Note 4
Scope of consolidation

› Accounting principle

› Basis of consolidation

The consolidated financial statements include the financial statements of all material subsidiaries, joint ventures and associates over which the parent company exercises control, joint control or significant influence, either directly or indirectly (see list of consolidated companies in note 18).

› Subsidiaries

Subsidiaries are companies controlled by the Group. Control exists when the Group (i) has power over the entity, (ii) is exposed or has rights to variable returns from its involvement with the entity, and (iii) has the ability to affect those returns through its power over the entity.

The consolidated financial statements include the financial statements of subsidiaries from the date when control is acquired to the date at which the Group no longer exercises control. All controlled companies are fully consolidated in the Group's statement of financial position regardless of the percentage interest held.

› Potential voting rights

Control is assessed by taking potential voting rights into account, but only if they are substantive; that is, if the entity has the practical ability to exercise its rights with respect to the exercise price, date and terms.

The Group may own share warrants, share purchase options, debt or equity instruments that are convertible into ordinary shares or other similar instruments that have the potential, if exercised or converted, to give the Group voting power or to reduce another party's voting power over the financial and operational policies of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event.

› Joint ventures

A joint venture is a joint arrangement whereby the parties exercise joint control over the entity. They both have rights to the entity's net assets. Joint control involves the contractually agreed sharing of control over an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint ventures are accounted for in the consolidated financial statements using the equity method.

› Associates

Associates are companies in which the Group exercises significant influence over financial and operational policies without having control. They are accounted for in the consolidated financial statements using the equity method.

› Equity method of accounting

The equity method provides that an investment in an associate or a joint venture be recognised initially at acquisition cost and subsequently adjusted by the Group's share in the income (loss) and, where appropriate, the other comprehensive income (loss) of the associate or joint venture. Goodwill related to these entities is included in the carrying amount of the investment. Any impairment losses and gains or losses on disposal of investments in equity-accounted entities are recognised in "Other operating income and expenses".

Income (losses) from internal acquisitions or disposals with equity-accounted associates are eliminated to the extent of the Group's percentage interest in these companies. In the absence of any guidance in IFRS concerning cases where the amount to be eliminated is greater than the carrying amount of the investment in the equity-accounted company, the Group has elected to cap the amount eliminated from the financial statements in the transaction year and to deduct the uneliminated portion from its share of income in subsequent years. The Group follows a transparent approach to accounting for associates under the equity method and takes into account, if relevant, its final percentage interest in the associate for the purpose of determining the proportion of income (loss) to be eliminated.

In the absence of any standard or interpretation covering the dilution of the Group's interest in a subsidiary of an equity-accounted company, the dilution impact is recognised in the Group's share of the income (loss) of the equity-accounted investee.

› Business combinations

As required by IFRS 3 revised, the consideration transferred (acquisition price) in a business combination is measured at the fair value of the assets transferred, equity interests issued and liabilities incurred on the date of the transaction. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Acquisition-related costs are recognised in "Other operating expenses", except for those related to the issue of equity instruments.

Any excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed is recognised as goodwill. At the date when control is acquired and for each business combination, the Group may elect to apply either the partial goodwill method (in which case, the amount of goodwill is limited to the portion acquired by the Group) or for the full goodwill method. Under the full goodwill method, non-controlling interests are measured at fair value and goodwill is recognised on the full amount of the identifiable assets acquired and liabilities assumed.

Business combinations completed prior to 1 January 2010 were accounted for using the partial goodwill method, which was the only method applicable prior to publication of IFRS 3 revised. In the case of an acquisition achieved in stages (step acquisition), the previously-held interest is remeasured at fair value at the date control is acquired. The difference between the fair value and carrying amount of the previously-held interest is recognised directly in profit or loss (under "Other operating income" or "Other operating expenses").

The provisional amounts recognised on the acquisition date may be adjusted retrospectively if the information needed to revalue the assets acquired and the liabilities assumed corresponds to new information obtained by the buyer and concerns facts and circumstances that existed as of the acquisition date. Goodwill may not be adjusted after the measurement period (not exceeding 12 months from the date when control is acquired). Any subsequent acquisitions of non-controlling interests do not give rise to the recognition of additional goodwill.

Any contingent consideration is included in the consideration transferred at its acquisition-date fair value, whatever the probability that it will become due. Subsequent changes in the fair value of contingent consideration due to facts and circumstances that existed as of the acquisition date are recorded by adjusting goodwill if they occur during the measurement period or directly in profit or loss for the period under "Other operating income" or "Other operating expenses" if they arise after the measurement period, unless the obligation is settled in equity instruments. In that case, the contingent consideration is not remeasured subsequently.

› Intra-group transfers of shares in consolidated companies

In the absence of any guidance in IFRS on the accounting treatment of intra-group transfers of shares in consolidated companies leading to a change in percentage interest, the Group applies the following principle:

- the transferred shares are maintained at historical cost and the gain or loss on the transfer is eliminated in full from the financial statements of the acquirer;
- non-controlling interests are adjusted to reflect the change in their share of equity, and a corresponding adjustment is made to consolidated reserves, without affecting net income or total equity.

Costs and expenses related to intra-group transfers of shares and to internal restructuring in general are included in "Other operating expenses".

› Foreign currency translation

The consolidated financial statements are presented in euros, which is the functional currency of the Group's parent company. Each Group entity determines its own functional currency and all of their financial transactions are measured in that currency.

The financial statements of subsidiaries that use a different functional currency from that of the parent company are translated using the closing rate method, as follows:

- 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 reporting date;
- income statement and cash flow items are translated into euros using the average rate of the period unless significant fluctuations occur.

The resulting translation differences are recognised directly within a separate component of equity. When a foreign operation is disposed of, the cumulative differences recognised in equity on translation of the net investment in the operation concerned at successive reporting dates are reclassified to profit or loss. Because the Group applies the step-by-step method of consolidation, the cumulative translation differences are not reclassified to profit or loss if the foreign operation disposed is part of a sub-group. This reclassification will occur only at the disposal of the sub-group.

Foreign currency transactions are translated into euros using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting translation differences are recognised in the income statement under "Foreign currency exchange gains" or "Foreign currency exchange losses". Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the transaction date.

Exchange differences arising on translation of the net investment in a foreign operation are recognised in the consolidated financial statements as a separate component of equity and reclassified to profit or loss on disposal of the net investment.

Exchange differences arising on the translation of (i) foreign currency borrowings hedging a net investment denominated in a foreign currency or (ii) permanent advances made to subsidiaries are also recognised in equity and reclassified to profit or loss on disposal of the net investment.

In accordance with IAS 29, the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies are (a) restated to take account of changes in the general purchasing power of the local currency, using official price indices applicable on the reporting date, and (b) converted into euros at the exchange rate on the reporting date. Casino Group has qualified Argentina as a hyperinflationary economy since 2018.

4.1. Transactions affecting the scope of consolidation in 2019

› 4.1.1. Mercialys TRS

On 26 July 2018, in connection with the announced asset disposal plan, Casino Group reduced its stake in Mercialys from 40.3% of the voting rights to 25.3%, through the block sale to a bank of shares representing 15% of the capital under a total return swap (TRS). Under the terms of the transaction, Casino Group received immediate proceeds amounting to €213 million before disposal costs (€209 million after disposal costs).

Under IFRS 9, the block sale was only effective once the shares had been actually sold on the market by the bank. Consequently, the shares were not derecognised at 31 December 2018 and a liability was recorded for €198 million corresponding to the value of the shares not yet sold on the market (at the price sold to the bank). The sale of the shares and the related capital gains or losses are recognised when the bank sells the shares on the market. The 1% of shares sold by the bank and recognised in the income statement was not material.

As of 31 December 2019, 64.6% of the shares underlying the TRS had been sold. A corresponding capital loss of €20 million was recorded in "Other operating expenses" and the liability now stands at €102 million.

The consolidated financial statements include the 30.6% interest in Mercialys at 31 December 2019 (39.2% at 31 December 2018) on an equity-accounted basis, of which 5.3% corresponds to the shares not sold on the market at that date by the bank.

In addition, the remaining portion of the shares unsold under the TRS continues to be classified as "Assets held for sale" in accordance with IFRS 5, recognised at their carrying amount for €46 million at 31 December 2019 (€114 million at 31 December 2018).

4.2. Transactions affecting the scope of consolidation in 2018

› 4.2.1. Acquisition of Sarenza

On 30 April 2018, Monoprix acquired Sarenza, a leading online footwear retailer. The price paid for 100% of the shares was €22 million (note 5.5).

Sarenza has been consolidated at net book value, leading to the recognition of goodwill of €16 million (corresponding to the difference between the book value of the acquired net assets and the consideration transferred), which has been allocated to the Monoprix CGU.

Sarenza's contribution to consolidated net sales for the period from 30 April 2018 to 31 December 2018 was €97 million. If control of Sarenza had been acquired on 1 January 2018, it would have increased consolidated net sales by €43 million. Its contribution to Casino Group's pre-tax profit was not material.

› 4.2.2. Changes in scope relating to the Franprix-Leader Price sub-group

On 28 February 2018, Franprix-Leader Price sold control of 105 Franprix and Leader Price stores to a master franchisee. The sale proceeds amounted to €33 million (note 5.5). The transactions generated a loss of €15 million which is recognised in "Other operating expenses". If the transactions had been completed on 1 January 2018, the impact on Casino Group's consolidated net sales, trading profit and net profit would not have been material.

The same master franchisee acquired a 40% stake in another group of Franprix-Leader Price stores. The investment was accounted for as a transaction between owners. The master franchisee has a put option on its 40% stake and Franprix-Leader Price has a call option. A debt of €17 million was recognised on the date of the transaction. This transaction had no material impact on consolidated equity.

In addition, Franprix-Leader Price acquired control of 126 stores during the year, at a total cost of €79 million. These transactions generated €76 million in goodwill. If the acquisitions had been completed on 1 January 2018, the impact on Casino Group's consolidated net sales, trading profit and net profit would not have been material.

› 4.2.3. Sale of a group of Casino supermarkets without loss of control

During first-half 2018, Distribution Casino France sold a 40% stake in five Casino supermarkets to a master franchisee. This sale without loss of control was accounted for as a transaction between owners. The master franchisee has a put option on its 40% stake – recognised in an amount of €19 million on the date of the transaction – and Distribution Casino France has a call option.

This transaction had no material impact on consolidated equity.

4.3. Investments in equity-accounted investees

4.3.1. Significant associates and joint ventures

The following table presents the condensed financial statements (on a 100% basis) for the four main equity-accounted investees on a continuing-operations basis. These consolidated financial statements prepared in accordance with IFRS correspond to the investees' published financial statements as restated, where appropriate, for the adjustments made by Casino Group, for example fair value on the date control is acquired or lost, adjustments to bring the investee's accounting policies into line with Group policies, or adjustments to eliminate gains and losses on intra-group acquisitions and disposals for the portion corresponding to the Group's percentage interest in the investee:

	2019				2018			
(€ millions)	**Mercialys**	**Tuya[2]**	**Banque du Groupe Casino**	**FIC[3]**	Mercialys[1]	Tuya[2]	Banque du Groupe Casino	FIC[3]
Country	**France**	**Colombia**	**France**	**Brazil**	France	Colombia	France	Brazil
Business	**Real estate**	**Banking**	**Banking**	**Banking**	Real estate	Banking	Banking	Banking
Type of relationship	**Associate**	**Joint venture**	**Joint venture**	**Associate**	Associate	Joint venture	Joint venture	Associate
% interest and voting rights[4]	**31%[1]**	**50%**	**50%**	**36%**	39%[1]	50%	50%	50%
Total income	**252**	**321**	**195**	**273**	**258**	**314**	**164**	**225**
Net income (loss) from continuing operations	**104**	**(3)**	**11**	**60**	85	24	7	50
Other comprehensive income								
Total comprehensive income (loss)	**104**	**(3)**	**11**	**60**	**85**	**24**	**7**	**50**
Non-current assets	**2,855**	**22**	**33**	**11**	2,869	23	24	13
Current assets[5]	**130**	**878**	**1,411**	**1,569**	468	747	1,193	1,339
Non-current liabilities	**(1,280)**	**(473)**	**(35)**	**(4)**	(1,236)	(329)	(34)	(2)
Current liabilities	**(315)**	**(314)**	**(1,241)**	**(1,370)**	(746)	(332)	(1,051)	(1,188)
of which liabilities related to credit-activities		***(675)***	***(1,236)***	***(470)***		*(544)*	*(1,051)*	*(453)*
Net assets	**1,389**	**113**	**168**	**206**	**1,355**	**109**	**132**	**162**
Dividends received from associates and joint ventures	**34**			**6**	**43**	**6[6]**		**6[7]**

(1) At 31 December 2019, Casino Group held 25% of the capital of Mercialys. The Group considers that it exercises significant influence over the financial and operating policies of the Mercialys Group (note 3.1.). This position is based on (a) the absence of a majority vote on strategic decisions at meetings of the company's Board of Directors, which is mostly made up of independent Directors, (b) the governance rules stipulating that Casino's representatives on the Mercialys Board may not take part in decisions concerning transactions carried out with Casino Group, (c) business contracts entered into between Casino Group and Mercialys on an arm's length basis, and (d) an analysis of the votes cast at recent General Shareholders' Meetings of Mercialys (showing that Casino and its related parties do not control shareholder decisions at General Meetings). The percentage interest is 31% and 39%, respectively at 31 December 2019 and 2018.
(2) Tuya was set up in partnership with Éxito and Bancolombia to manage the banking services offered to customers of the stores in Colombia, primarily the possibility of signing up for credit cards in the stores. The partnership structure changed in October 2016 when Éxito became a 50% shareholder of Tuya.
(3) FIC was set up by GPA in partnership with Banco Itaú Unibanco SA ("Itaú Unibanco") to finance purchases by GPA's customers. It is accounted for using the equity method as GPA exercises significant influence over its operating and financial policies.
(4) The percentage interest corresponds to that held by Casino Group, except in the case of Tuya (interest held by the Éxito sub-group) and FIC (interest held by the GPA sub-group). Following the sale of Via Varejo, GPA now holds 36% of FIC's share capital and voting rights (42% and 50%, respectively, at end-2018).
(5) The current assets of Banque du Groupe Casino, Tuya and FIC primarily concern their credit business.
(6) Stock dividends worth COP 20 billion (€6 million) paid to the joint venture partners.
(7) In 2018, this amount only concerns GPA's direct interest and does not include €2 million in dividends received by Via Varejo.

4.3.2. Other investments in associates and joint ventures

The aggregate amounts of key financial statement items for other associates and joint ventures are not material. Dividends received from these associates and joint ventures amounted to €3 million in 2019 (2018: €5 million).

4.3.3. Changes in investments in equity-accounted investees

(€ millions)	**31 December 2019**	31 December 2018 (restated)
Investments in equity-accounted investees, opening balance	**501**	**565**
Impairment loss		
Share of net income (loss) for the year[1]	**(18)**	17
Dividends	**(43)**	(55)
Other movements	**(99)**	(26)
Investments in equity-accounted investees, closing balance	**341**	**501**

(1) Including a negative €63 million and a negative €43 million relating to the share of net income (loss) from the discontinued operations of Leader Price in 2019 and 2018, respectively (note 3).

› 4.3.4. Impairment losses on investments in equity-accounted investees

With the exception of Mercialys, associates and joint ventures are privately-held companies for which no quoted market prices are available to estimate their fair value. The impairment tests carried out at 31 December 2019 and 31 December 2018 did not result in the recognition of any impairment loss.

The fair value of the investment in Mercialys at the reporting date was €346 million for 30.6% of net assets, determined using the market price at 31 December 2019 (31 December 2018: €432 million for 39.2%). This value does not reflect any impairment. Mercialys' EPRA NNNAV at 31 December 2019 amounted to €1,837 million on a 100% basis, of which Casino Group's share was €562 million.

› 4.3.5. Share of contingent liabilities of equity-accounted investees

At 31 December 2019 and 31 December 2018, none of the Group's associates and joint ventures had any material contingent liabilities.

› 4.3.6. Related-party transactions (equity-accounted investees)

The related-party transactions shown below mainly concern transactions carried out in the normal course of business on arm's length terms with companies over which the Group exercises significant influence (associates) or joint control (joint ventures) and which are accounted for in the consolidated financial statements using the equity method. The transactions are concluded at market price.

Related-party balances at 31 December 2019 and 31 December 2018 were as follows:

	2019		2018 (restated)	
(€ millions)	**Associates**	**Joint ventures**	Associates	Joint ventures
Balances at 31 December 2019 and 31 December 2018:				
Loans	**35**	**11**	28	11
of which impairment	***(42)***		*(44)*	
Receivables	**190**	**44**	152	49
of which impairment				
Payables	**15**	**283**	43	549
Transactions for the year				
Expenses	**10**[(1)]	**1,520**[(2)]	13[(1)]	2,324[(2)]
Income	**760**[(3)]	**51**	1,051[(3)]	39

(1) Following the application of IFRS 16, the above amounts do not include the lease payments associated with the 63 leases signed with Mercialys. These payments represented €49 million in 2019 (2018: 70 leases for €53 million). At 31 December 2019, lease liabilities in favour of Mercialys for property assets amounted to €169 million, of which €41 million due within one year.

(2) Including €1,234 million in fuel purchases from Distridyn and €235 million in goods purchases from CD Supply Innovation in 2019 (2018: €1,164 million and €1,127 million respectively).

(3) Income of €760 million in 2019 (2018: €1,051 million) includes sales of goods by Franprix-Leader Price and Distribution Casino France to master franchisees accounted for by the equity method, for €593 million (2018: €899 million). It also includes income related to property development transactions with Mercialys reported under "Other income" for €95 million (2018: €33 million).

Transactions with Mercialys

Casino has entered into various agreements with Mercialys:

- Casino leases units in certain shopping centres from Mercialys, for which the lease payments are disclosed above.
- Asset management agreement: Casino Group provides rental management services for nearly all Mercialys properties. In both 2019 and 2018, the related management fees amounted to €6 million.
- Partnership agreement: this agreement was approved by Casino's Board of Directors on 19 June 2012 and an addendum was signed on 12 November 2014. The partnership's fundamental principle, whereby Casino develops and manages a pipeline of projects that Mercialys acquires to feed its business growth, has been maintained in the new agreement. The original agreement concerned a pipeline of projects offering satisfactory visibility. The new agreement enables Mercialys to propose new projects that will be examined by Casino and tracked during monitoring committee meetings.

  Casino will not undertake any work until the order is reconfirmed by Mercialys once the necessary permits have been obtained and leases have been signed on units representing at least 60% of projected rental revenues.

  The acquisition price of projects developed by Casino was calculated under the original agreement on the basis of (i) a rent capitalisation rate determined using a grid that is updated twice a year by reference to the rates used to value Mercialys' portfolio and (ii) projected rental revenues from the project. Under the new agreement, the projected internal rate of return (IRR) – within the range of 8% to 10% – may also be taken into account for pricing purposes.

  The principle whereby the upside and downside are shared equally between Casino and Mercialys has been maintained to take into account the actual conditions in which the assets will be marketed. For example, the price will be increased or reduced by 50% of any positive (upside) or negative (downside) difference between the actual rents negotiated during the marketing process and the rents projected at the outset. The contracts require the parties to meet during the pre-acquisition process.

  In exchange for the exclusive partnership, Mercialys has undertaken not to invest in any operations that could lead to a material increase in competition in the catchment area of any of Casino Group's food stores.

  At the end of January 2017, the partnership agreement was extended by three years, until end-2020.

- Support services agreement: Casino Group provides administrative, accounting/finance, IT and real estate support services to Mercialys. In 2019, the related management fees recorded in Casino Group's financial statements amounted to €2 million (2018: €2 million).
- Consulting services agreement: Mercialys makes available to Casino the services of its team of real estate portfolio enhancement specialists. This agreement had no material impact in 2019 or 2018.

  The parties decided to terminate the agreement on 31 December 2018. A new fixed-term agreement has been signed with an initial term of six months (1 January to 30 June 2019), covering asset management services provided by Mercialys' teams on projects managed on Casino's behalf. The agreement is automatically renewable for successive six-month terms up to a maximum of 48 months in total.
- Sale mandate: Casino seeks buyers for real estate assets on behalf of Mercialys.
- Current account agreement: on 8 September 2005, Mercialys entered into a current account and cash management agreement with Casino. Under this agreement, Mercialys and Casino set up a shareholder current account for all eligible payments, withdrawals or advances of funds between the two companies. Following the reduction in Casino's interest in Mercialys' share capital in 2012, the two parties decided to terminate the existing current account and cash management agreement and to enter into a new current account agreement. This agreement maintained Mercialys' current account with Casino, enabling it to benefit from cash advances of up to €50 million from Casino.

  The term of the agreement was extended on several occasions and expired on 31 December 2019. An addendum to the agreement was signed in December 2019, reducing the cash advance limit to €35 million. This amended agreement will expire on 31 December 2021.
- The Annual General Meeting of 25 April 2019 approved a related-party agreement between Mercialys and Casino, Guichard-Perrachon, pursuant to which Casino agreed to bear the specific costs incurred by Mercialys in connection with the sale by Casino, Guichard-Perrachon of all or some of its shares in Mercialys.

› 4.3.7. Commitments to joint ventures

Casino Group has issued guarantees to joint ventures (also presented in note 7.11.1) for an amount of €68 million at 31 December 2019 (31 December 2018: €93 million, including €68 million on behalf of Distridyn and €25 million on behalf of CD Supply Innovation).

4.4. Commitments related to the scope of consolidation

› 4.4.1. Put options granted to owners of non-controlling interests ("NCI puts")

› Accounting principle

The Group has granted put options to the owners of non-controlling interests in some of its subsidiaries. The exercise price may be fixed or based on a predetermined formula. The options may be exercisable at any time or on a specified date. In accordance with IAS 32, obligations under NCI puts are recognised as "Financial liabilities"; fixed price options are recognised at their discounted present value and variable price options at fair value. NCI puts are presented on a separate line of the consolidated statement of financial position.

IAS 27 revised, which is effective for annual periods beginning on or after 1 January 2010, and subsequently IFRS 10, effective for annual periods beginning on or after 1 January 2014, describe the accounting treatment of acquisitions of additional shares in subsidiaries. The Group has decided to apply two different accounting methods for NCI puts, depending on whether they were granted before or after the effective date of IAS 27 revised, as recommended by France's securities regulator (*Autorité des marchés financiers* – AMF):

- NCI puts granted before the effective date of IAS 27 revised are accounted for using the goodwill method, whereby the difference between the NCI put liability and the carrying amount of the non-controlling interests is recognised in goodwill. In subsequent years, this liability is remeasured and any changes adjust goodwill;
- NCI puts granted since IAS 27 revised came into effect are accounted for as transactions between owners, with the difference between the NCI put liability and the carrying amount of the non-controlling interests recognised as a deduction from equity. In subsequent years, this liability is remeasured and any changes adjust equity.

NCI puts can be analysed as follows at 31 December 2019:

(€ millions)	% Group interest	Commitment to non-controlling interests	Fixed or variable exercise price	Non-current liabilities[4]	Current liabilities[4]
Franprix[1]	58.67% to 70.00%	30.00% to 41.33%	F/V	40	
Éxito (Disco)[2]	62.49%	29.82%	V		104
Distribution Casino France[3]	60.00%	40.00%	V	19	
Other				2	1
TOTAL PUT OPTIONS GRANTED TO OWNERS OF NON-CONTROLLING INTERESTS				**61**	**105**

(1) The value of NCI puts on subsidiaries of the Franprix sub-group is generally based on net profit or a multiple of net sales. A 10% increase or decrease in these indicators would not have a material impact. The options expire between 2020 and 2031.
(2) The option is exercisable until 21 June 2021. The exercise price is the lowest amount obtained using calculation formulas or a minimum price. At 31 December 2019, the exercise price represents the minimum price.
(3) The value of the NCI puts is based on a multiple of net sales generated by the five underlying Casino supermarkets. A 10% increase or decrease in this indicator would not have a material impact. The option is exercisable between 1 April and 30 June 2023.
(4) At 31 December 2018, NCI put liabilities amounted to €188 million, including current liabilities of €126 million.

› 4.4.2. Off-balance sheet commitments

› Accounting principle

Puts and calls relating to non-controlling interests are generally accounted for as derivative instruments. The exercise price of these options generally reflects the fair value of the underlying assets.

Under the terms of the option contracts, the exercise price of written put and call options may be determined using earnings multiples of the companies concerned. In this case, the options are valued based on the latest published earnings for options exercisable at any time and earnings forecasts or projections for options exercisable as of a given future date. In many cases, the put option written by the Group is matched by a call written by the other party; in these cases, the value shown corresponds to that of the written put.

Written put options on shares in non-controlled companies stood at €5 million at 31 December 2019 and concerned entities within the Monoprix sub-group (31 December 2018: €15 million, concerning entities within the Monoprix and Franprix-Leader Price sub-groups).

Call options granted to the Group on shares in non-controlled companies stood at €339 million at 31 December 2019 (31 December 2018: €348 million), and mainly concerned:

- the following call options granted to Casino Group in connection with transactions carried out with Mercialys:
  - call option on 100% of the assets or 100% of the shares of Hyperthetis Participations, exercisable from 31 December 2020 and until 31 March 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR,
  - call option on a property asset previously sold to Immosiris, exercisable between 31 March 2021 and 30 September 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
- lastly, in connection with the transactions carried out with master franchisees in 2018 and 2017, Casino Group has call options on stores that are exercisable between 2020 and 2023 at prices based on a percentage of the improvement in EBITDA or a multiple of net sales.

4.5. Assets held for sale and discontinued operations

› Accounting principle

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this condition to be met, the asset or disposal group must be available for immediate sale in its present condition and its sale must be highly probable. For the sale to be highly probable, management must be committed to a plan to sell the asset which, in accounting terms, should result in the conclusion of a sale within one year of the date of this classification. Given these characteristics, net assets held for sale attributable to owners of the parent of the selling subsidiary are presented as a deduction from net debt (note 12).

Property, plant and equipment and intangible assets classified as held for sale are no longer depreciated or amortised.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents a separate major line of business or a geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs on the date of disposal or on a prior date when the operation fulfils the criteria for classification as held for sale.

When an operation is classified as discontinued, the comparative income statement and statement of cash flows are restated as if the operation had fulfilled the criteria for classification as discontinued as from the first day of the comparative period. Discontinued operations are presented on a separate line of the consolidated income statement, "Net income (loss) from discontinued operations", which includes the net income or loss of the discontinued operation up to the date of disposal, and if appropriate, any impairment loss recognised to write down the net assets held for sale to their fair value less costs to sell and/or any after-tax disposal gains or losses.

› 4.5.1. Assets held for sale and liabilities associated with assets held for sale

		31 December 2019		31 December 2018 (restated)	
(€ millions)	Notes	**Assets**	**Liabilities**	Assets	Liabilities
Leader Price sub-group	3/4.5.2	**1,362**	**706**		
Via Varejo sub-group	3/4.5.2			6,812	5,493
Other[1]		**1,363**	**391**	1,887	631
TOTAL		**2,726**	**1,097**	**8,699**	**6,124**
Net assets		**1,628**		2,575	
Of which attributable to owners of the parent of the selling subsidiary	*12.2*	***1,608***		*1,805*	

(1) At 31 December 2019, this line corresponds to stores and property assets for approximately €507 million (Casino Group share) relating to the asset disposal plans and optimisation of the store base, and the Groupe GO Sport business. At 31 December 2018, this line corresponded primarily to stores and property assets for €874 million (Casino Group share) relating to asset disposal plans and optimisation of the store base and the Courir business.

› 4.5.2. Discontinued operations

Net income (loss) from discontinued operations primarily reflects Via Varejo (including Cnova Brazil) up to the date of its sale, along with the gain on its disposal, and the contribution of Leader Price to the Group's earnings included in the France Retail segment and the Groupe GO Sport business (note 3).

Net income (loss) from discontinued operations can be analysed as follows:

(€ millions)	**2019**	2018 (restated)
Net sales	4,489	9,413
Expenses	(4,802)	(9,389)
Gain on disposal of Via Varejo on 14 June 2019	29	
Disposal price	*615*	
Disposal costs	*(39)*	
Carrying amount of net assets sold	*(543)*	
Other items of comprehensive income (loss) reclassified to profit or loss, net of tax[1]	*(4)*	
Gain on disposal of Courir (Groupe GO Sport) on 28 February 2019	163	
Impairment loss resulting from remeasurement at fair value less costs to sell[2][3]	(855)	
Net income (loss) before tax from discontinued operations	**(976)**	**25**
Income tax (expense) benefit	(16)	(28)
Share of net income (loss) of equity-accounted investees	(60)	(34)
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS[4]	**(1,050)**	**(37)**
Attributable to owners of the parent	*(548)*	*(35)*
Attributable to non-controlling interests	*(502)*	*(2)*

(1) The reclassification of Via Varejo in "Discontinued operations" had no impact on other comprehensive income in 2018 or 2017. The sale of Via Varejo in 2019 did not lead to any related foreign currency translation reserves being reclassified to profit or loss.
(2) In Casino Group's financial statements, when the Franprix-Leader Price operating segment was separated in two in 2019, the breakdown of goodwill between the Leader Price, Franprix and Geimex businesses was measured based on the relative values of each of the businesses (value in use from the impairment test). The fair value of Leader Price is estimated based on an enterprise value of €735 million (including a €35 million earn-out contingent on the achievement of certain operating indicators during the transition period), less the estimated cost of the put options held by master franchisees and independent operators, and less the estimated future cash flow usage of the sub-group up to the effective date of the disposal.
(3) The fair value of Groupe GO Sport is estimated based on the ongoing disposal process and offers received (note 3).
(4) Of which a loss of €1,047 million for Leader Price in 2019 including the impact on master franchisees of completed and ongoing changes in the scope of consolidation.

Earnings per share of discontinued operations are presented in note 13.10.3.

NOTE 5
ADDITIONAL CASH FLOW DISCLOSURES

› Accounting principle

The statement of cash flows is prepared using the indirect method starting from consolidated net income (loss) and is organised in three sections:

- cash flows from operating activities, including taxes, transaction costs for acquisitions of subsidiaries, dividends received from associates and joint ventures and payments received in respect of government grants;
- cash flows from investing activities, including acquisitions of subsidiaries (excluding acquisition costs), proceeds from disposals of subsidiaries (including transaction costs), acquisitions and disposals of investments in non-consolidated companies, associates and joint ventures (including transaction costs), contingent consideration paid for business combinations, up to the amount of the identified liability during the measurement period, and acquisitions and disposals of non-current assets (including transaction costs and deferred payments);
- cash flows from (used in) financing activities, including new borrowings and repayments of borrowings, issues of equity instruments, transactions between owners (including transaction costs and any deferred payments), repayments of lease liabilities, net interest paid (cash flows related to cost of debt, non-recourse factoring and associated transaction costs, and interest on leases), treasury share transactions and dividend payments. This category also includes cash flows from trade payables requalified as debt.

5.1. Reconciliation of provision expense

(€ millions)	Notes	2019	2018 (restated)
Goodwill impairment	11.1.2	(17)	(1)
Impairment of intangible assets	11.2.2	(8)	(14)
Impairment of property, plant and equipment	11.3.2	(70)	(59)
Impairment of investment property	11.4.2	(4)	(1)
Impairment of right-of-use assets	8.1.1	(11)	(35)
Impairment of other assets		(142)	(172)
Net additions to provisions for risks and charges		(3)	(11)
Total provision expense		**(255)**	**(292)**
Provision expense adjustment reported under "Net income (loss) from discontinued operations"		6	25
Provision expense adjustment in the statement of cash flows		**(249)**	**(266)**

5.2. Reconciliation of changes in operating working capital to changes in the corresponding items in the statement of financial position

(€ millions)	Notes	31 December 2018 (restated)	Cash flows from operating activities	Cash flows from discontinued operations	Other	Changes in scope of consolidation	Changes in exchange rates	IFRS 5 reclass.	Reclass. and other	31 December 2019
Goods inventories	7.6	(3,787)	1	(35)		(13)	37	310		**(3,486)**
Property development work in progress	7.6	(184)	(100)	1		(2)		(1)	(9)	**(296)**
Trade payables	B/S	6,789	343	(83)	3	33	(46)	(426)	(11)	**6,602**
Trade and other receivables	7.7	(923)	(64)	(134)		62	11	242	(26)	**(836)**
Other receivables/(payables)[1]	7.8/7.9.1/7.10	366	(54)	(2)	(454)	134	5	27	145	**160**
Total		**2,259**	**125**	**(253)**	**(451)**	**214**	**7**	**152**	**99**	**2,144**

(1) In 2019, this amount mainly reflects the cash outflows related to financial assets (note 5.11).

(€ millions)	Notes	1 January 2018 (restated)	Cash flows from operating activities	Cash flows from discontinued operations	Other	Changes in scope of consolidation	Changes in exchange rates	IFRS 5 reclass.	Reclass. and other	31 December 2018 (restated)
Goods inventories	7.6	(3,875)	(196)	(13)		(58)	177	199	(22)	(3,787)
Property development work in progress	7.6	(131)	(45)	4		(2)	4	12	(26)	(184)
Trade payables	B/S	6,768	375	(44)		47	(284)	(118)	45	6,789
Trade and other receivables	7.7	(906)	(90)	(31)		10	37	39	17	(923)
Other receivables/(payables)	7.8/7.9.1/7.10	561	(165)	26	(130)	(8)	(65)	88	366	366
Total		**2,416**	**(121)**	**(58)**	**(130)**	**(11)**	**(131)**	**220**	**380**	**2,259**

5.3. Reconciliation of acquisitions of non-current assets

(€ millions)		2019	2018 (restated)
Additions to and acquisitions of intangible assets	11.2.2	**(269)**	(271)
Additions to and acquisitions of property, plant and equipment	11.3.2	**(869)**	(880)
Additions to and acquisitions of investment property	11.4.2	**(14)**	(59)
Additions to and acquisitions of lease premiums included in right-of-use assets	8.1.1	**(8)**	(10)
Change in amounts due to suppliers of non-current assets		**21**	(46)
Capitalised borrowing costs (IAS 23)[1]	11.3.3	**5**	11
Effect of discontinued operations		**26**	67
Cash from (used in) acquisitions of intangible assets, property, plant and equipment and investment property		**(1,108)**	**(1,187)**

(1) Non-cash movements.

5.4. Reconciliation of disposals of non-current assets

(€ millions)		2019	2018 (restated)
Derecognition of intangible assets	11.2.2	7	3
Derecognition of property, plant and equipment	11.3.2	188	326
Derecognition of investment property	11.4.2		1
Disposals of lease premiums included in right-of-use assets	8.1.1	8	13
Gains on disposals of non-current assets[1]		61	230
Change in receivables related to non-current assets		(32)	(26)
Reclassification of non-current assets as "Assets held for sale"		665	695
Effect of discontinued operations		(7)	(12)
Cash from disposals of intangible assets, property, plant and equipment and investment property		**890**	**1,230**

(1) Prior to the restatement of sale-and-leaseback transactions in accordance with IFRS 16.

5.5 Effect on cash and cash equivalents of changes in scope of consolidation resulting in acquisition or loss of control

(€ millions)	2019	2018 (restated)
Amount paid for acquisitions of subsidiaries	(12)	(62)
Cash/(bank overdrafts) acquired	6	(18)
Proceeds from disposals of subsidiaries	227	13
(Cash)/bank overdrafts sold	(4)	
Effect of changes in scope of consolidation resulting in acquisition or loss of control	**218**	**(66)**

In 2019, the net impact of these transactions on Casino Group's cash and cash equivalents mainly comprised:

- the loss of control of loss-making stores in connection with the plan to optimise the store base, for €166 million (note 3);
- the sale of the contract catering services business and of restaurants.

In 2018, the net impact of these transactions on Casino Group's cash and cash equivalents mainly comprised:

- an outflow of €43 million for the acquisition of Sarenza, including the €20 million negative cash acquired and the €22 million sale price paid (note 4.2.1);
- an outflow of €29 million for the acquisition of various controlling interests in the Franprix sub-group for €28 million;
- an inflow of €6 million in connection with the loss of control of the Franprix sub-group.

5.6 Effect on cash and cash equivalents of changes in scope of consolidation related to equity-accounted investees

(€ millions)	2019	2018
Amount paid for the acquisition of shares in equity-accounted investees	(35)	(39)
Amount received from the sale of shares in equity-accounted investees	(4)	209
Effect of changes in scope of consolidation related to equity-accounted investees	**(39)**	**169**

In 2018, the net impact of these transactions resulted for the most part from the block sale of Mercialys shares representing 15% of the capital (note 4.1.1).

5.7. Reconciliation of dividends paid to non-controlling interests

(€ millions)	Notes	2019	2018 (restated)
Dividends paid and payable to non-controlling interests	13.8	(170)	(264)
Payment during the year of a debt accrued at the prior year-end		7	(2)
Currency effects		(1)	(2)
Effect of discontinued operations			2
Dividends paid to non-controlling interests as presented in the statement of cash flows (continuing operations)		**(163)**	**(266)**

5.8. Effect on cash and cash equivalents of transactions with non-controlling interests

(€ millions)	Notes	2019	2018 (restated)
GPA – Acquisition of 41.27% of Éxito shares	3	(917)	
Vindémia – Purchase of the non-controlling interests in the Mayotte subsidiary		(18)	
GreenYellow – Disposal without loss of control (2018)		(12)	149
Distribution Casino France – Disposal without loss of control			20
Éxito - Transactions with property companies[1]		(11)	77
Public tender offer for Cnova N.V. shares			(3)
Other		(12)	(48)
Effect on cash and cash equivalents of transactions with non-controlling interests		**(971)**	**195**

(1) See footnote 5 of the consolidated statement of changes in equity.

5.9. Reconciliation between change in cash and cash equivalents and change in net debt

(€ millions)	Notes	2019	2018 (restated)
Change in cash and cash equivalents		**(972)**	**327**
New borrowings[1]	12.2.2	(5,187)	(2,602)
Repayments of borrowings[1]	12.2.2	4,273	2,310
Non-cash changes in debt[1]		80	554
Change in net assets held for sale attributable to owners of the parent		*(160)*	*631*
Change in other financial assets		*282*	*148*
Effect of changes in scope of consolidation		*95*	*(225)*
Change in fair value hedges		*(101)*	*(59)*
Change in accrued interest		*(52)*	*26*
Other		*16*	*32*
Effect of movements in exchange rates[1]		53	158
Change in debt of discontinued operations		1,051	31
Change in net debt		**(703)**	**779**
Net debt at beginning of period (restated)[2]	12.2.1	6,351	7,130
Net debt at end of period	12.2.1	7,054	6,351

(1) These impacts relate exclusively to continuing operations.
(2) Taking into account the impact of IFRS 16 for a negative €57 million at 1 January 2018 and a negative €44 million at 1 January 2019.

Reconciliation of net interest paid

(€ millions)	Notes	2019	2018 (restated)
Cost of net debt reported in the income statement	**12.3.1**	**(476)**	**(441)**
Neutralisation of unrealised exchange gains/losses		**13**	4
Neutralisation of amortisation of debt issuance/redemption costs and premiums		**78**	60
Capitalised borrowing costs	11.3.3	**(5)**	(11)
Change in accrued interest and in fair value hedges of borrowings[1]		**46**	(38)
Interest paid on lease liabilities	12.3.2	**(255)**	(214)
Non-recourse factoring and associated transaction costs	12.3.2	**(77)**	(81)
Interest paid, net as presented in the statement of cash flows		**(676)**	**(720)**

(1) In 2018, this item mainly includes the impact of unwinding interest rate swaps in France for €59 million.

5.11. Cash outflows related to acquisitions of financial assets

In 2019, cash outflows related to acquisitions of financial assets amounted to €445 million, mainly breaking down as (a) a payment of €291 million relating to the refinancing transactions into an escrow account, which had a balance of €193 million at 31 December 2019 (note 12.1.1), and (b) a cash outflow of €109 million arising on unwinding the forward contract on GPA shares (note 12.3.2).

Note 6
Segment information

› Accounting principle

Segment reporting reflects management's view and is prepared on the basis of the internal reporting used to assess the performance of operating segments as required by IFRS 8. Segment reporting now includes two operating segments corresponding to:

The **"Food and general retailing"** division, which includes the various activities of Casino Group, namely:

- France Retail: for all retail activities in France (mainly the sub-groups of the Casino, Monoprix, Franprix and Vindémia banners);
- Latam Retail: for all food retailing operations in Latin America (mainly the GPA food banners and the Éxito, Disco, Devoto and Libertad banners);
- E-commerce: comprising Cdiscount and the Cnova N.V. holding company.

The operating segments included in France Retail and Latam Retail have similar businesses in terms of product type, assets and human resources required for operations, customer profile, distribution methods, marketing offer and long-term financial performance.

Given the dual strategy and interconnection between retail and real estate, the operating segments comprise pure retail activities, real estate asset management and property development projects and energy efficiency activities.

The **"Holdings and other activities"** division, which combines the activities of the holding companies, the sale of sporting goods and financial and property investments. Taken individually, these activities are not material at Group level.

Management assesses the performance of these segments on the basis of net sales and recurring operating income (which includes the allocation of Casino holding costs to all of its Food and general retailing business units) and EBITDA. EBITDA is defined as recurring operating income (EBIT) plus net depreciation and amortisation expense.

Since assets and liabilities are not specifically reported to management, the only information presented in the notes in the context of IFRS 8 relates to non-current assets.

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

6.1. Key indicators by operating segment

(€ millions)	Food and general retailing			Holdings and other activities	Continuing operations in 2019
	France Retail	Latam Retail	E-commerce		
External net sales (note 7.1)	16,322	16,358	1,966	6	**34,652**
EBITDA	1,467[1]	1,104	69	(15)	**2,624**
Net depreciation and amortisation expense (notes 7.3/7.4)	(791)	(492)	(65)	(1)	**(1,348)**
Recurring operating income (loss)	**676[1]**	**612**	**4**	**(16)**	**1,276**

(1) Of which €56 million for property development transactions carried out in France, corresponding in 2019 to the recognition of previously eliminated margins on property development transactions involving Casino and Mercialys following the decrease in Casino's stake in Mercialys (note 4.3.3).

(€ millions)	Food and general retailing			Holdings and other activities	Continuing operations in 2018 (restated)
	France Retail	Latam Retail	E-commerce		
External net sales (note 7.1)	16,786	15,577	1,965	6	34,335
EBITDA	1,413[1]	1,217[2]	39	(14)	2,655
Net depreciation and amortisation expense (notes 7.3/7.4)	(795)	(459)	(51)	(1)	(1,305)
Recurring operating income (loss)	**618[1]**	**758[2]**	**(12)**	**(14)**	**1,350**
Including effect of applying IFRS 16 on EBITDA (note 1.3.2)	*513*	*285*	*19*		*818*
Including effect of applying IFRS 16 on recurring operating income (loss) (note 1.3.2)	*64*	*114*	*1*		*179*

(1) Of which €63 million for property development transactions carried out in France.
(2) Of which BRL 481 million (€111 million) in respect of tax credits recognised by GPA during the period (mainly reversal of the valuation allowance on Assaí's ICMS-ST tax credit following a change in the law – see below).

6.2. Key indicators by geographical area

(€ millions)	Food and general retailing			Holdings and other activities		Total
	France	Latin America	Other regions	France	Other regions	
External net sales for 2019	**18,285**	**16,343**	**17**	**6**		**34,652**
External net sales for 2018 (restated)	18,747	15,568	13	6		34,335

(€ millions)	Food and general retailing			Holdings and other activities		Total
	France	Latin America	Other regions	France	Other regions	
Non-current assets at 31 December 2019[1]	**11,621**	**9,897**	**59**	**5**		**21,582**
Non-current assets at 31 December 2018 (restated)[1]	13,641	9,687	60	199	4	23,590

(1) Non-current assets include goodwill, intangible assets, property, plant, and equipment, investment property, right-of-use assets, investments in equity-accounted investees, contract assets and prepaid expenses beyond one year.

Note 7
Operating data

7.1. Revenue

› Accounting principle

Revenue comprises items recorded under "Net sales" and "Other income". The total of these two items is presented on the line "Total income".

› Revenue

"Net sales" include sales by the Group's stores, service stations, E-commerce sites and restaurants, franchise fees, revenues from business leases and financial services revenues. Most of the amount reported under "Net sales" corresponds to revenue included in the scope of IFRS 15.

"Other income" consists of income from the property development and property trading businesses, rental revenues, miscellaneous service revenues, incidental revenues and revenues from secondary activities, and revenues from the energy business. The majority of amounts reported under "Other income" are included in the scope of IFRS 15, while rental revenues are included in the scope of IAS 16.

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 recognised when the performance obligation is satisfied, i.e., when control of the good or service passes to the customer. Revenue may therefore be recognised at a specific point in time or over time based on the stage of completion.

The Group's main sources of revenue are as follows:

Sales of goods (including through the property trading business): in this case, the Group generally has only one performance obligation, to deliver the goods to the customer. Revenue from these sales is recognised when control of the goods is transferred to the customer, generally upon delivery, i.e., mainly:

- at the check-out for in-store sales;
- on receipt of the goods by the franchisee or affiliated store;
- on receipt of the goods by the customer for E-commerce sales.

Sales of services, for example sales of subscriptions, franchising fees, logistics services, rental revenue and property management services: in this case, for operations included in the scope of IFRS 15, the Group generally has only one performance obligation, to supply the service, and the related revenues are recognised over the period in which the services are performed.

Property development revenues: in this case, the Group generally has several performance obligations, some of which may be satisfied at a given point in time and others over time based on the project's percentage of completion. In the latter case, income is generally calculated by reference to the projected margin on completion weighted by the percentage of completion determined by the inputs method.

Revenues from the energy business, for which the Group generally identifies a performance obligation when the solar power plant is delivered (in exchange for variable consideration in some cases) or when the energy performance contracts are sold. The Group also sells energy services for which the related revenue is recognised when the service is performed.

The vast majority of revenues are recognised at a given point in time.

If settlement of the consideration is deferred for an unusually long time and no promise of financing is explicitly stated in the contract or implied by the payment terms, revenue is recognised by adjusting the consideration for the effects of the time value of money. If significant, the difference between this price and the unadjusted transaction price is recognised in "Other financial income" over the payment deferral period, determined using the effective interest method.

The Group operates loyalty programmes that enable customers to obtain discounts or award credits on their future purchases. Award credits granted to customers under loyalty programmes represent a performance obligation that is separately identifiable from the initial sales transaction. This performance obligation gives rise to the recognition of a contract liability. The corresponding revenue is deferred until the award credits are used by the customer.

› Contract assets and liabilities, incremental costs to obtain a contract and costs to fulfil a contract

A contract asset corresponds to an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. Based on this definition, a receivable does not constitute a contract asset.

The Group recognises a contract asset when it has fulfilled all or part of its performance obligation but does not have an unconditional right to payment (i.e., the Group does not yet have the right to invoice the customer). In light of its business, contract assets recognised by the Group are not material.

A contract liability corresponds to an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. The Group recognises contract liabilities mainly for award credits granted under its loyalty programmes, advances received and sales for which all or part of the performance obligation has not yet been fulfilled (e.g., sales of subscriptions and gift cards, and future performance obligations of the property development business for which the customer has already been invoiced followed by payment of consideration).

The incremental costs to obtain a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained and which it expects to recover.

The costs to fulfil a contract are costs related directly to a contract that generate or enhance the resources that will be used by the Group in satisfying its performance obligations and which it expects to recover. For the Group, the costs of obtaining and fulfilling contracts correspond primarily to the costs incurred in connection with its franchising and affiliation business. These costs are capitalised and amortised over the life of the franchise or affiliation contract. The capitalised amounts are tested regularly for impairment (note 1.3).

Contract assets and the costs of obtaining and fulfilling contracts are tested for impairment under IFRS 9.

› 7.1.1. Breakdown of total income

	Food and general retailing			Holdings and	
(€ millions)	France Retail	Latam Retail	E-commerce	other activities	**2019**
Net sales	16,322	16,358	1,966	6	**34,652**
Other income	494	171		1	**666**
Total income	**16,816**	**16,529**	**1,966**	**8**	**35,319**

	Food and general retailing			Holdings and	
(€ millions)	France Retail	Latam Retail	E-commerce	other activities	2018 (restated)
Net sales	16,786	15,577	1,965	6	34,335
Other income	382	151		2	535
Total income	**17,168**	**15,728**	**1,965**	**8**	**34,870**

› 7.1.2. Incremental costs of obtaining contracts, contract assets and liabilities

(€ millions)	Notes	**2019**	2018 (restated)
Incremental costs of obtaining contracts included in "Intangible assets"	11.2	**113**	152
Contract assets	7.8/7.9	**11**	11
Right-of-return assets included in "Inventories"	7.6	**2**	3
Contract liabilities	7.10	**150**	120

In 2019, the Group reviewed the presentation of costs to obtain contracts (note 1.3).

7.2. Cost of goods sold

› Accounting principle

Gross margin corresponds to the difference between "Total income" and "Cost of goods sold".

Cost of goods sold comprises the cost of purchases net of discounts, commercial cooperation fees and any tax credits associated with the purchases, changes in retail inventories and logistics costs. It also includes property development and property trading business costs and changes in inventories.

Commercial cooperation fees 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 actually rendered to the supplier and the sum of the instalments billed during the year.

Changes in inventories, which may be positive or negative, are determined after taking into account any impairment losses.

Logistics costs correspond to the cost of logistics operations managed or outsourced by the Group, comprising all warehousing, handling and freight costs incurred after goods are first received at one of the Group's sites. Transport costs included in suppliers' invoices (e.g., for goods purchased on a "delivery duty paid" or "DDP" basis) are included in "Purchases and change in inventories". Outsourced transport costs are recognised under "Logistics costs".

(€ millions)	Notes	2019	2018 (restated)
Purchases and changes in inventories		**(25,104)**	(24,505)
Logistics costs	7.3	**(1,445)**	(1,397)
Cost of goods sold		**(26,550)**	**(25,902)**

7.3. Expenses by nature and function

› Accounting principle

Selling expenses consist of point-of-sale costs.

General and administrative expenses correspond to overheads and the cost of corporate units, including the purchasing and procurement, sales and marketing, IT and finance functions.

Pre-opening and post-closure costs: pre-opening costs that do not meet the criteria for capitalisation and post-closure costs are recognised in operating expenses when incurred.

(€ millions)	Notes	Logistics costs[1]	Selling expenses	General and administrative expenses	2019
Employee benefits expense		(545)	(2,831)	(794)	**(4,170)**
Other expenses		(759)	(2,247)	(414)	**(3,420)**
Depreciation/amortisation for the year	6.1/7.4	(142)	(1,022)	(184)	**(1,348)**
Total		**(1,445)**	**(6,100)**	**(1,392)**	**(8,937)**

(€ millions)	Notes	Logistics costs[1]	Selling expenses	General and administrative expenses	2018 (restated)
Employee benefits expense		(526)	(2,990)	(796)	(4,312)
Other expenses		(736)	(2,256)	(407)	(3,398)
Depreciation/amortisation for the year	6.1/7.4	(135)	(998)	(172)	(1,305)
Total		**(1,397)**	**(6,244)**	**(1,374)**	**(9,015)**

(1) Logistics costs are reported in the consolidated income statement under "Cost of goods sold".

A competitiveness and employment tax credit (CICE) has been introduced in France. It corresponds to a tax credit (repayable from the end of the third year) of 6% in 2018 (9% for Vindémia) based on salaries equal to or less than 2.5 times the French minimum wage. In 2018, the CICE tax benefit of €83 million was recognised as a deduction from employee benefits expense, of which €4.5 million included within "Net income (loss) from discontinued operations" of Leader Price. The receivable was sold on a non-recourse basis. The CICE has been abolished with effect from 1 January 2019 and replaced by a reduction in social security contributions.

7.4. Depreciation and amortisation

(€ millions)	Notes	2019	2018 (restated)
Amortisation of intangible assets	11.2.2	(177)	(160)
Depreciation of property, plant and equipment	11.3.2	(477)	(518)
Depreciation of investment property	11.4.2	(14)	(8)
Depreciation of right-of-use assets	8.1.1	(750)	(691)
Total depreciation and amortisation		**(1,418)**	**(1,377)**
Depreciation and amortisation expense reclassified under "Net income (loss) from discontinued operations"		70	72
Depreciation and amortisation expense of continuing operations	**6.1/7.3**	**(1,348)**	**(1,305)**

7.5. Other operating income and expenses

› Accounting principle

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 and 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 the costs of converting stores to new concepts) and provisions and expenses for litigation and risks (including discounting adjustments).

(€ millions)	2019	2018 (restated)
Total other operating income	61	350
Total other operating expenses	(810)	(751)
	(749)	**(402)**
Breakdown by type		
Gains and losses on disposal of non-current assets[(1)(7)]	(7)	255
Net asset impairment losses[(2)(7)]	(161)	(204)
Net income (expense) related to changes in scope of consolidation[(3)(7)]	(198)	(146)
Gains and losses on disposal of non-current assets, net asset impairment losses and net income (expense) related to changes in scope of consolidation	**(366)**	**(95)**
Restructuring provisions and expenses[(3)(4)(7)]	(210)	(216)
Provisions and expenses for litigation and risks[(5)]	(95)	(80)
Other operating income and expenses[(6)]	(78)	(11)
Other operating income and expenses	**(383)**	**(307)**
Total other operating income (expense), net	**(749)**	**(402)**

(1) The net loss on disposal of non-current assets in 2019 mainly concerns the France Retail sector with a loss of €37 million arising mainly on the disposal of property assets (the main assets sold are detailed in note 3), and the Latam Retail sector with a gain of €31 million. The net gain on disposal of non-current assets in 2018 primarily concerned the France Retail segment and especially disposals of Monoprix store properties.

(2) The impairment loss recognised in 2019 mainly concerns the France Retail segment and relates to the asset disposal plan. The impairment loss recognised in 2018 mainly concerned the France Retail segment.

(3) The expense relating to the store optimisation plan in the France Retail segment, including employee costs, store closure costs, inventory reduction costs and impairment totalled €151 million in 2019 (of which primarily €69 million corresponding to changes in scope and €76 million to restructuring). Other changes in scope of consolidation relate mainly to the France Retail and Latam Retail segments and include fees of €36 million arising on the reorganisation of operations in Latin America. The net expense of €146 million recorded in 2018 resulted primarily from the recognition in profit, in accordance with IAS 21, of foreign currency translation adjustments accumulated in the foreign currency translation reserve for an amount of €67 million (note 13.7.2).

(4) Excluding the impact of the store optimisation plan set out in the previous footnote, restructuring provisions and expenses for 2019 mainly concern the France Retail and Latam Retail segments for €59 million and €70 million, respectively. Restructuring provisions and expenses in 2018 primarily concerned the France Retail segment for €148 million, relating mostly to employee costs and store closure costs, and the Latam Retail segment for €56 million (mainly GPA).

(5) Provisions and expenses for litigation and risks represented a net expense of €95 million in 2019, including €36 million for tax risks at GPA. Provisions and expenses for litigation and risks represented a net expense of €80 million in 2018, including €35 million for tax risks at GPA.

(6) Including €22 million in fees relating to the Rallye safeguard proceedings and €32 million in costs relating to the digitalisation programme at Distribution Casino France (Hypermarkets & Supermarkets division). This new strategy focused on transforming its bricks-and-mortar stores into autonomous, dynamic spaces is primarily based on the development of the Casino Max app, supported by unprecedented efforts to secure customer loyalty, generating further costs.

(7) Reconciliation of net asset impairment losses with the breakdown of changes in non-current assets:

(€ millions)	Notes	2019	2018 (restated)
Goodwill impairment losses	11.1.2	(17)	(1)
Impairment (losses)/reversals on intangible assets, net	11.2.2	(8)	(14)
Impairment (losses)/reversals on property, plant and equipment, net	11.3.2	(70)	(59)
Impairment (losses)/reversals on investment property, net	11.4.2	(4)	(1)
Impairment (losses)/reversals on right-of-use assets, net	8.1.1	(11)	(35)
Impairment (losses)/reversals on other assets, net (IFRS 5 and other)		(143)	(180)
Total net impairment losses		**(253)**	**(290)**
Net impairment losses of discontinued operations		10	
Total net impairment losses of continuing operations		**(243)**	**(290)**
Of which presented under "Restructuring provisions and expenses"		***(52)***	*(69)*
Of which presented under "Net impairment (losses) reversals on assets"		***(160)***	*(204)*
Of which presented under "Net income (expense) related to changes in scope of consolidation"		***(32)***	*(19)*
Of which presented under "Gains and losses on disposal of non-current assets"			*4*

7.6. Inventories

› Accounting principle

Inventories are measured at the lower of cost and probable net realisable value. Net realisable 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. An impairment loss is recognised if the probable net realisable value is lower than their cost. This analysis takes into account each business unit's operating environment and the type, age and sales pattern of the products concerned.

The cost of inventories is determined by the first-in-first-out (FIFO) method, except for inventories held by the GPA sub-group which uses the weighted average unit cost method, primarily for tax reasons. As GPA's inventory turnover rate is very high, inventory values would not be materially different if the FIFO method was applied. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing them to their present location and condition. Accordingly, logistics costs are included in the carrying amount together with supplier discounts deducted from "Cost of goods sold". The cost of inventories also includes gains or losses on cash flow hedges of future inventory purchases initially accumulated in equity and reclassified to profit or loss for the period.

For its property development and property trading businesses, the Group recognises assets and projects in progress in inventories.

	31 December 2019			31 December 2018 (restated)		
(€ millions)	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Goods inventories	3,534	(48)	3,486	3,841	(54)	3,787
Property assets	310	(15)	296	216	(31)	184
Inventories (note 5.2)	**3,844**	**(63)**	**3,782**	**4,057**	**(85)**	**3,972**

7.7. Trade receivables

› Accounting principle

The Group's trade receivables are current financial assets (note 12) that correspond to an unconditional right to receive consideration. They are initially recognised at fair value and subsequently measured at amortised cost less any impairment losses. The fair value of trade receivables usually corresponds to the amount on the invoice. A loss allowance for expected credit losses is recorded upon recognition of the receivable. The Group applies the simplified approach for the measurement of expected credit losses on all of its trade receivables, which are determined based on credit losses observed for receivables with the same profile, as adjusted to take into account forward-looking factors such as the customer's credit status or the economic environment.

Trade receivables can be sold to banks and continue to be carried as assets in the statement of financial position for as long as the contractual cash flows and substantially all the related risks and rewards are not transferred to a third party.

› 7.7.1. Breakdown of trade receivables

(€ millions)	Notes	31 December 2019	31 December 2018 (restated)
Trade receivables	12.7.4	940	1,053
Accumulated impairment losses on trade receivables	7.7.2	(104)	(130)
Net trade receivables	**5.2**	**836**	**923**

› 7.7.2. Accumulated impairment losses on trade receivables

(€ millions)	2019	2018 (restated)
Accumulated impairment losses on trade receivables at 1 January (restated)	**(130)**	**(137)**
Additions	(44)	(76)
Reversals	59	78
Other (changes in scope of consolidation, reclassifications and foreign exchange differences)	11	4
Accumulated impairment losses on trade receivables at 31 December	**(104)**	**(130)**

The criteria for recognising impairment losses are presented in note 12.7.4 "Credit risk".

7.8 Other current assets

› 7.8.1. Breakdown of other current assets

(€ millions)	Notes	31 December 2019	31 December 2018 (restated)
Other receivables		918	1,056
Tax and employee-related receivables in Brazil	7.9	242	137
Current accounts of non-consolidated companies		15	34
Accumulated impairment losses on other receivables and current accounts	7.8.2	(33)	(31)
Derivatives not qualifying for hedge accounting and cash flow hedges – assets	12.5.1	7	7
Contract assets	7.1.2	11	10
Prepaid expenses		80	109
Other current assets		**1,240**	**1,323**

Other receivables primarily include tax and employee-related receivables (excluding Brazil) and receivables from suppliers. Prepaid expenses comprise purchases, rent, other occupancy costs, and insurance premiums.

› 7.8.2. Accumulated impairment losses on other receivables and current accounts

(€ millions)	2019	2018
Accumulated impairment losses on other receivables and current accounts at 1 January	**(31)**	**(29)**
Additions	(51)	(42)
Reversals	47	38
Other (changes in scope of consolidation, reclassifications and foreign exchange differences)	2	2
Accumulated impairment losses on other receivables and current accounts at 31 December	**(33)**	**(31)**

7.9. Other non-current assets

› 7.9.1. Breakdown of other non-current assets

(€ millions)	Notes	31 December 2019	31 December 2018 (restated)
Financial assets at fair value through profit or loss		41	35
Financial assets at fair value through other comprehensive income		38	52
Financial assets arising from a significant disposal of non-current assets		29	
Non-current fair value hedges – assets	12.5.1	62	82
Loans		*121*	*165*
Non-hedging derivatives – assets	*12.5.1*	*16*	*20*
Other long-term receivables		*192*	*131*
Other financial assets		**329**	**317**
Tax and employee-related receivables in Brazil		599	618
Legal deposits paid by GPA	14.2	176	175
Impairment of other non-current assets	7.9.2	(47)	(48)
Prepaid expenses		15	24
Other non-current assets		**1,243**	**1,256**

GPA has a total of €841 million in tax receivables (of which €599 million in long-term receivables and €242 million in short-term receivables), corresponding primarily to ICMS (VAT) for €580 million, PIS/COFINS (VAT) and INSS (employer social security contributions). GPA expects the main tax receivable (ICMS) to be recovered as follows:

(€ millions)	31 December 2019
Within one year	97
In one to five years	320
In more than five years	163
Total GPA tax receivables (ICMS)	**580**

GPA recognises ICMS and other tax credits when it has formally established and documented its right to use the credits and expects to use them within a reasonable period. These credits are recognised as a deduction from cost of goods sold.

› 7.9.2. Impairment of other non-current assets

(€ millions)	31 December 2019	31 December 2018
Accumulated impairment losses on other non-current assets at 1 January	**(48)**	**(70)**
Additions	(1)	
Reversals		1
Other reclassifications and movements	2	21
Accumulated impairment losses on other non-current assets at 31 December[1]	**(47)**	**(48)**

(1) Corresponding mainly to impairment losses recognised on loans granted by Franprix to master franchisees following the inclusion of the share of losses from non-controlling interests of Casino in certain stores of these master franchisees.

7.10. Other liabilities

(€ millions)	Notes	31 December 2019 Non-current portion	31 December 2019 Current portion	31 December 2019 Total	31 December 2018 (restated) Non-current portion	31 December 2018 (restated) Current portion	31 December 2018 (restated) Total
Derivative financial instruments – liabilities[1]	12.5.1	50	185	235	305	7	311
Tax and employee-related liabilities		98	1,286	1,384	135	1,422	1,557
Sundry liabilities		36	954	990	36	805	841
Amounts due to suppliers of non-current assets			193	193	1	211	212
Current account advances			18	18		40	40
Contract liabilities	7.1.2		150	150	2	118	120
Deferred income		8	83	91	4	79	83
Other liabilities		**190**	**2,872**	**3,062**	**483**	**2,682**	**3,165**

(1) Primarily comprises the fair value of the GPA total return swap (TRS) (note 12.3.2).

7.11. Off-balance sheet commitments

› Accounting principles

At every year-end, management determines, to the best of its knowledge, that there are no off-balance sheet commitments likely to have a material effect on the Group's current or future financial position other than those described in this note.

The completeness of this information is checked by the Finance, Legal and Tax departments, which also participate in drawing up contracts that are binding on the Group.

Commitments entered into in the ordinary course of business mainly concern the Group's operating activities, except for undrawn confirmed lines of credit, which represent a financing commitment.

Off-balance sheet commitments involving entities included in the scope of consolidation are presented in note 4.4.2.

› 7.11.1. Commitments given

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts that might have to be paid under guarantees issued by the Group. They are not netted against sums that might be recovered through legal action or counter-guarantees received by the Group.

(€ millions)	31 December 2019	31 December 2018
Assets pledged as collateral[1]	206	209
Securities and bank guarantees given[2]	2,349	2,286
Guarantees given in connection with disposals of non-current assets	15	38
Other commitments	106	114
Total commitments given	**2,676**	**2,647**
Due:		
within one year	186	210
in one to five years	2,478	2,425
in more than five years	11	11

(1) Current and non-current assets pledged, mortgaged or otherwise given as collateral. At 31 December 2019, this concerns GPA for €189 million, mainly in connection with the tax disputes described in note 14.2 (31 December 2018: €192 million). At 31 December 2019, the amount of €206 million does not include the guarantees given in connection with the refinancing transaction in November 2019 (note 12.5.4).

(2) At 31 December 2019, this amount includes €2,252 million in bank guarantees given by GPA (31 December 2018: €2,173 million), mainly in connection with the mainly tax-related disputes described in note 14.2. It also comprises guarantees issued on behalf of joint ventures for €68 million (31 December 2018: €93 million), as described in note 4.3.7.

7.11.2. Commitments received

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts in respect of commitments received.

(€ millions)	31 December 2019	31 December 2018
Bank guarantees received	64	63
Secured financial assets	91	89
Undrawn confirmed lines of credit (note 12.4)	2,666	4,695
Other commitments	20	58
Total commitments received	**2,841**	**4,905**
Due:		
within one year	350	464
in one to five years	2,364	4,233
in more than five years	127	208

Note 8
Leases

Accounting principle

Group as lessee

The Group is a lessee in a large number of property leases primarily relating to store properties, warehouses, office buildings and apartments for lessee managers. It also acts as lessee in leases of vehicles, store machinery and equipment (notably cooling systems) and logistics equipment, primarily in France.

The Group's lease contracts are recognised in accordance with IFRS 16 – Leases, taking into account the terms and conditions of each agreement and all relevant facts and circumstances.

At the inception of such contracts, the Group determines whether or not they meet the definition of (or contain) a lease, i.e., whether they convey the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are carried in the lessee's statement of financial position as follows:

- a right-of-use asset reflecting the right to use a leased asset over the lease term is recorded in "Right-of-use assets";
- a lease liability reflecting the obligation to make lease payments over that same period is recorded in "Current lease liabilities" and "Non-current lease liabilities". Lease liabilities are not included in the calculation of consolidated net debt.

Initial measurement

At the lease commencement date:

- lease liabilities are recognised at the present value of future fixed lease payments over the estimated term of the lease, as determined by the Group. The Group generally uses its incremental borrowing rate to discount these future lease payments. Future fixed lease payments include adjustments for payments that depend on an index or a contractually defined growth rate. They can also include the value of a purchase option or estimated early termination penalties, when the Group is reasonably certain to exercise these options. Any lease incentives receivable at the lease commencement date are deducted from the fixed lease payments;
- right-of-use assets are recognised for the value of the lease liabilities, less any lease incentives received from the lessor, plus any lease payments made at or before the commencement date, initial direct costs and an estimate of costs to be incurred in respect of any contractual restoration obligations.

The Group only includes the lease component of the contract when measuring its lease liabilities. For certain categories of assets where the lease includes a service component as well as a lease component, the Group may recognise a single lease contract (i.e., with no distinction between the service and lease components).

Subsequent measurement

Lease liabilities are carried at amortised cost using the effective interest rate method.

Lease liabilities are:

- increased by interest expenses, as calculated by applying a discount rate to the liabilities at the start of the financial period. These interest expenses are recognised in the income statement within "Other financial expenses";
- reduced by any lease payments made.

Cash payments for the principal portion of lease liabilities along with cash payments for the interest portion of those liabilities are included within net cash used in financing activities in the consolidated statement of cash flows.

The carrying amount of lease liabilities is remeasured against right-of-use assets to reflect any lease modifications and in the event of:

- changes in the lease term;
- changes in the assessment of whether or not a purchase option is reasonably certain to be exercised;
- changes in amounts expected to be payable under a residual value guarantee granted to the lessor;
- changes in variable lease payments that depend on an index or rate when the index or rate adjustment takes effect (i.e., when the lease payments are effectively modified).

In the first two cases, lease liabilities are remeasured using a discount rate as revised at the remeasurement date. In the last two cases, the discount rate used to measure the lease liabilities on initial recognition remains unchanged.

Right-of-use assets are measured using the amortised cost model as from the lease commencement and over the estimated term of the lease. This gives rise to the recognition of a straight-line depreciation expense in the income statement. Right-of-use assets are reduced by any impairment losses recognised in accordance with IAS 36 (note 11.5) and are readjusted in line with the remeasurement of lease liabilities.

In the event a lease is terminated early, any gains or losses arising as a result of derecognising the lease liabilities and right-of-use assets are taken to the income statement within other operating income or other operating expenses.

Estimating the lease term

The lease term corresponds to the enforceable period of the lease (i.e., the period during which the lease cannot be cancelled by the lessor, plus all possible contractual extensions permitted that are able to be decided unilaterally by the lessee), and takes account of any periods covered by an option to terminate or extend the lease if the Group is reasonably certain respectively to not exercise or exercise that option.

In estimating the reasonably certain term of a lease, the Group considers all of the characteristics associated with the leased assets (local laws and regulations, location, category – e.g., stores, warehouses, offices, apartments, property/equipment leases, expected useful life, etc.). Under leases of store properties, the Group may also consider economic criteria such as the store format, the long-term nature and performance of the leased assets, and whether or not significant recent investments have been made in the stores.

Generally, the term of warehouses and office leases along with equipment leases corresponds to the initial term provided for in the lease contract.

More specifically, for "3-6-9"-type commercial leases in France, the Group recognises a term of nine years as the enforceable period of the lease at the lease commencement date, in accordance with the ANC's 16 February 2018 position statement.

Certain leases may be automatically renewable. The Group is unable to reliably estimate the term of such leases beyond its strict contractual obligation, generally limited to several months.

Discount rate

The discount rate generally used to calculate the lease liability for each lease contract depends on the Group's incremental borrowing rate at the lease commencement date. This rate is the rate of interest that a lessee would have to pay at the lease commencement date to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The Group calculates a discount rate for each country, taking into account the entity's credit spread and the lease terms.

Lease premiums

Any lease premiums relating to lease contracts are included within "Right-of-use assets". Depending on the legal particulars inherent to each lease premium, they are either amortised over the underlying lease term or (most commonly) are not amortised but tested annually for impairment.

Short-term leases and leases of low-value assets

The Group has chosen to apply the recognition exemptions in IFRS 16 concerning:

- short-term leases (i.e., with a term of 12 months or less at inception); and
- leases for which the underlying asset is of low value (value of underlying leased asset less than €5,000).

Within the Group, these exemptions apply mainly to leases of store equipment and office equipment such as tablets, computers, mobile telephones and photocopiers.

Payments under these leases are included in operating expenses in the consolidated income statement, in the same way as variable lease payments which are not included in the initial measurement of lease liabilities. Cash flows relating to lease payments made are included within net cash from operating activities in the consolidated statement of cash flows.

Sale-and-leaseback transactions

A sale-and-leaseback transaction is a transaction in which the owner of assets sells those assets to third parties and then leases them back. If the sale of the assets by the seller-lessee meets the definition of a sale under IFRS 15:

- the seller-lessee measures the right-of-use asset under the lease as a proportion of the net carrying amount of the asset transferred, which corresponds to the right of use retained by that seller-lessee. Accordingly, the seller-lessee only recognises the net disposal gain or loss that relates to the rights transferred to the buyer-lessor;
- the buyer-lessor accounts for the purchase of the asset applying applicable standards and for the lease by applying IFRS 16.

If the sale of the asset by the seller-lessee does not meet the definition of a sale under IFRS 15, the sale-and-leaseback is accounted for as a financing transaction. Accordingly:

- the seller-lessee recognises the transferred asset in its statement of financial position and recognises a financial liability equal to the consideration received from the buyer-lessor;
- the buyer-lessor does not recognise the transferred asset in its statement of financial position but recognises a financial asset equal to the considered transferred.

Deferred taxes

In the event a lease gives rise to a temporary difference, deferred tax is recognised (note 10).

› Group as lessor

When the Group acts as lessor, it classifies each of its leases as either a finance lease or an operating lease.

Finance leases are treated as a sale of non-current assets to the lessee financed by a loan granted by the lessor. To recognise a finance lease, the Group:

- derecognises the leased asset from its statement of financial position;
- recognises a financial receivable in “Financial assets at amortised cost” within “Other current assets” and “Other non-current assets” in its consolidated statement of financial position at an amount equal to the present value, discounted at the contractual interest rate or incremental borrowing rate, of the lease payments receivable under the lease, plus any unguaranteed residual value accruing to the Group;
- splits the lease income into (i) interest income recognised in the consolidated income statement within “Other financial income”, and (ii) amortisation of the principal, which reduces the amount of the receivable.

For operating leases, the lessor includes the leased assets within “Property, plant and equipment” in its statement of financial position and recognises lease payments received under “Other income” in the consolidated income statement on a straight-line basis over the lease term.

8.1. Group as lessee

Details of these leases are provided below.

8.1.1. Statement of financial position information

Composition of and change in right-of-use assets

(€ millions)	Land and land improvements	Buildings, fixtures and fittings	Other	Other intangible assets	Total
Carrying amount at 1 January 2018 (restated)	**46**	**4,561**	**112**	**24**	**4,743**
New assets		863	38	39	**940**
Remeasurements	1	263			**264**
Derecognised assets		(40)			**(40)**
Depreciation/amortisation for the year	(6)	(653)	(29)	(2)	**(690)**
Impairment (losses)/reversals, net	(1)	(33)			**(34)**
Changes in scope of consolidation		3			**3**
Effect of movements in exchange rates		(145)	(1)	(8)	**(154)**
IFRS 5 reclassifications	(5)	(399)	(7)		**(411)**
Other reclassifications and movements[1]		(41)		146	**105**
Carrying amount at 31 December 2018 (restated)	**34**	**4,378**	**114**	**200**	**4,726**
New assets		765	149		**914**
Remeasurements	2	415		1	**418**
Derecognised assets	(7)	(91)			**(98)**
Depreciation/amortisation for the year	(6)	(690)	(48)	(5)	**(749)**
Impairment (losses)/reversals, net		(11)	(1)		**(12)**
Changes in scope of consolidation		5			**5**
Effect of movements in exchange rates		(24)		(3)	**(27)**
IFRS 5 reclassifications	2	(295)	(7)		**(300)**
Other reclassifications and movements		(27)		(10)	**(37)**
Carrying amount at 31 December 2019	**25**	**4,424**	**207**	**183**	**4,838**

(1) Including BRL 633 million (€147 million) corresponding to the Paes Mendonça receivable reclassified to "Lease premiums" (note 7.9.1).

Lease liabilities

(€ millions)	Notes	31 December 2019	31 December 2018 (restated)
Current lease liabilities		**740**	706
Non-current lease liabilities		**3,938**	3,679
Total	**12.5.4**	**4,678**	**4,385**
- of which France		**2,807**	2,575
- of which Latam Retail		**1,680**	1,490
- of which E-commerce		**189**	173
- of which Other		**2**	147

Note 12.5.4 provides an analysis of lease liabilities by maturity.

› 8.1.2. Income statement information

The following amounts were recognised in the 2019 income statement in respect of leases, excluding lease liabilities:

(€ millions)	31 December 2019	31 December 2018 (restated)
Rental expense relating to variable lease payments[1]	54	59
Rental expense relating to short-term leases[1]	9	7
Rental expense relating to leases of low-value assets that are not short-term leases[1]	112	96

(1) Leases not included in lease liabilities in the statement of financial position.

Depreciation charged against right-of-use assets is presented in note 8.1.1, while interest expense on lease liabilities is shown in note 12.3.2.

Sub-letting income included within right-of-use assets is set out in note 8.2.

› 8.1.3. Statement of cash flow information

Total lease payments made in the year amounted to €1,120 million (2018: €987 million).

› 8.1.4. Sale-and-leaseback transactions

The main sale-and-leaseback transactions are described in note 3.

8.2. Group as lessor

› Operating leases

The following table provides a maturity analysis of payments receivable under operating leases:

(€ millions)	2019	2018
Within one year	65	64
In one to two years	36	36
In two to three years	25	21
In three to four years	20	14
In four to five years	15	10
In more than five years	63	58
Undiscounted value of lease payments receivable	**224**	**203**

The following amounts were recognised in the income statement:

(€ millions)	2019	2018 (restated)
Operating leases		
Lease income[1]	109	102
Sub-letting income included within right-of-use assets	45	38

(1) Including €12 million in variable lease payments in 2019 that do not depend on an index or rate (2018: €5 million).

Note 9
Payroll expenses

9.1. Employee benefits expenses by function

Employee benefits expenses are analysed by function in note 7.3.

9.2. Provisions for pensions and other post-employment benefits

Group companies provide their employees with various employee benefit plans depending on local laws and practice, as described below.

› 9.2.1. Provisions for pensions and other post-employment benefits and for long-term employee benefits

	31 December 2019			31 December 2018		
(€ millions)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Pensions	310	10	320	322	10	331
Jubilees	35	1	36	38	1	39
Bonuses for services rendered	12		12	11		11
Provisions for pensions and other post-employment benefits and for long-term employee benefits	**357**	**11**	**367**	**370**	**11**	**381**

› 9.2.2. Defined contribution plan

› Accounting principle

Defined contribution plans are pension contracts under which an employer agrees to make regular contributions into a fund. The company's obligation is limited to the amount it agrees to contribute to the fund and it offers no guarantee that the fund will have sufficient assets to pay all of the employees' entitlements to benefits. There is therefore no need for recognition of a provision, and the contributions are expensed in the income statement.

This type of plan mainly concerns the employees of the Group's French subsidiaries, who are covered by the general social security system, which is administered by the French government.

In 2019, defined contribution plans represented a cost of €295 million, of which 90% concerned the Group's French subsidiaries (€285 million and 89% excluding discontinued operations in 2019).

› 9.2.3. Defined benefit plan

› Accounting principle

In compliance with IAS 19 revised, obligations are assessed using the projected unit credit method based on the contracts or bargaining agreements in force within each company. 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. These measurements are made by independent actuaries and take into account the future level of compensation, the employee's probable period of employment, life expectancy and personnel turnover (resignations only).

Actuarial gains and losses stem from the difference between the actuarial estimates and the actual results. They are immediately recognised in shareholders' equity.

Past service costs are defined as the increase in an obligation due to the introduction of a new plan or a modification of an existing plan. They are immediately expensed.

The expense in the income statement comprises:

- service cost, i.e., the cost of services provided during the year, recognised in recurring operating income;
- past service cost and the effect of plan curtailments or settlements, generally recognised in "Other operating income and expenses";

- interest cost, corresponding to the discounting adjustment to the projected benefit obligation net of the return on plan assets, recorded in "Other financial income and expenses". Interest cost is calculated by applying the discount rate defined in IAS 19 to the net obligation (i.e., the projected obligation less related plan assets) recognised in respect of defined benefit plans, as determined at the beginning of the year.

The **provision** recognised in the statement of financial position corresponds to the present value of the obligations less the fair value of the plan assets.

Other long-term employee benefits, such as jubilees, are also covered by provisions, determined on the basis of an actuarial estimate of vested rights as of the reporting date. Actuarial gains and losses on these benefit plans are recognised immediately in profit or loss.

In certain countries, local laws or collective bargaining agreements provide for the payment of benefits to employees either when they retire (post-employment benefits), or at certain post-retirement due dates. These plans are mainly at Casino Group level.

Main assumptions

Defined benefit plans are exposed to risks concerning future interest rates, salaries and mortality rates.

The following table presents the main actuarial assumptions used to measure the projected benefit obligation:

	France		International	
(€ millions)	**2019**	2018	**2019**	2018
Discount rate	**0.60%**	1.70%	**6.1% - 6.6%**	6.5% - 7.6%
Expected rate of future salary increases	**1.0% - 1.7%**	1.6% - 2.0%	**3.5%**	3.5%
Retirement age	**62 - 65**	62 - 65	**57 - 62**	57 - 62

For French companies, the discount rate is determined by reference to the Bloomberg 15-year AA corporate composite index.

Sensitivity analysis

A 50-basis point increase (decrease) in the discount rate would have the effect of reducing the projected benefit obligation by 6.0% (increasing the projected benefit obligation by 5.9%).

A 50-basis point increase (decrease) in the expected rate of salary increases would have the effect of increasing the projected benefit obligation by 5.6% (reducing the projected benefit obligation by 5.8%).

› 9.2.4. Change in projected benefit obligations and plan assets

The following tables show a reconciliation of the projected benefit obligations of all Group companies to the provisions recognised in the consolidated financial statements for the years ended 31 December 2019 and 31 December 2018.

	France		International		Total	
(€ millions)	**2019**	2018	**2019**	2018	**2019**	2018
Projected benefit obligation at 1 January	**341**	**326**	**8**	**14**	**349**	**340**
Items included in the income statement	**7**	**15**	**(1)**	**1**	**6**	**16**
Service cost	**19**	19			**19**	19
Interest cost	**5**	5		1	**6**	5
Past service cost			**(2)**		**(2)**	
Curtailments/settlements	**(17)**	(9)			**(17)**	(9)
Items included in other comprehensive income	**13**	**14**		**(1)**	**13**	**13**
Actuarial (gains) and losses related to:	**13**	14		(1)	**13**	13
– changes in financial assumptions	**16**	(2)			**17**	(2)
– changes in demographic assumptions[1]	**(3)**	19		(1)	**(3)**	19
– experience adjustments		(4)				(4)
Effect of movements in exchange rates						
Other	**(29)**	**(14)**	**(1)**	**(6)**	**(30)**	**(19)**
Paid benefits	**(12)**	(12)	**(1)**	(1)	**(13)**	(13)
Changes in scope of consolidation		1				1
Other movements	**(17)**	(2)		(5)	**(17)**	(7)
Projected benefit obligation at 31 December (A)	**332**	**341**	**6**	**8**	**338**	**349**
Weighted average duration of plans					**17**	**17**

(€ millions)	France 2019	France 2018	International 2019	International 2018	Total 2019	Total 2018
Fair value of plan assets at 1 January	**21**	**23**			**21**	**23**
Items included in the income statement						
Interest on plan assets						
Items included in other comprehensive income	**(2)**				**(2)**	
Actuarial gains and (losses) (experience adjustments)	**(2)**				**(2)**	
Effect of movements in exchange rates						
Other		**(2)**				**(2)**
Paid benefits		(2)				(2)
Changes in scope of consolidation						
Other movements						
Fair value of plan assets at 31 December (B)	**19**	**21**			**19**	**21**

(€ millions)	France 2019	France 2018	International 2019	International 2018	Total 2019	Total 2018
Net post-employment benefit obligation (A-B)	**313**	**320**	**6**	**8**	**319**	**328**
Unfunded projected benefit obligation under funded plans	**102**	**91**			**102**	**91**
Projected benefit obligation under funded plans	**121**	112			**121**	112
Fair value of plan assets	**(19)**	(21)			**(19)**	(21)
Projected benefit obligation under unfunded plans	**211**	**229**	**6**	**8**	**218**	**201**

Plan assets consist mainly of units in fixed-rate bond funds.

Reconciliation of provisions recorded in the statement of financial position

(€ millions)	France 2019	France 2018	International 2019	International 2018	Total 2019	Total 2018
At 1 January	**326**	**308**	**8**	**14**	**334**	**322**
Expense for the year	**7**	15	**(1)**	1	**6**	16
Actuarial gains or losses recognised in equity	**15**	14		(1)	**15**	13
Effect of movements in exchange rates						
Paid benefits	**(12)**	(10)	**(1)**	(1)	**(13)**	(11)
Partial repayments of plan assets						
Changes in scope of consolidation		1				1
Other movements	**(23)**	(2)		(5)	**(22)**	(6)
At 31 December	**313**	**326**	**7**	**8**	**319**	**334**

Breakdown of expense for the year

(€ millions)	France 2019	France 2018 (restated)	International 2019	International 2018	Total 2019	Total 2018 (restated)
Service cost	**19**	19			**19**	19
Interest cost[1]	**5**	5		1	**6**	5
Past service cost			**(2)**		**(2)**	
Curtailments/settlements	**(17)**	(9)			**(17)**	(9)
Expense for the year	**7**	**15**	**(1)**	**1**	**6**	**16**
Expense for the year of discontinued operations	**(1)**				**(1)**	
Expense for the year of continuing operations	**6**	**14**	**(1)**	**1**	**5**	**15**

(1) Reported under "Other financial income and expenses".

Undiscounted future cash flows

	Statement of financial position	2020	2021	2022	2023	2024	Beyond 2024
Post-employment benefits	**320**	9	6	10	16	20	849

9.3. Share-based payments

› Accounting principle

Management and selected employees of the Group receive stock options (options to purchase or subscribe for shares) and free shares.

The benefit represented by stock options, measured at fair value on the grant date, constitutes additional compensation. The fair value of the options at the grant date is recognised in "Employee benefits expense" over the option vesting period or in "Other operating expenses" when the benefit relates to a transaction that is also recognised in "Other operating income and expenses" (note 7.5). The fair value of options is determined using market data (current price of underlying equities, volatility, risk-free interest rate, etc.) at the time of the allocation, but also assuming that the beneficiaries continue to be employed at the close of the vesting period.

The measurement of free shares follows the same method as the stock option plans. If a plan does not specify vesting conditions, then the full amount is expensed as soon as the plan is awarded; if not, the expense is recognised over the vesting period, depending on fulfilment of these conditions. When free shares are granted to employees in connection with a transaction affecting the scope of consolidation, the related cost is recorded in "Other operating income and expenses".

› 9.3.1. Impact of share-based payments on earnings and equity

The net expense recognised in operating income in respect of share-based payments awarded by Group companies amounted to €25 million in 2019 versus €23 million in 2018. The 2019 figure concerns Casino (€7 million), GPA (€16 million) and Rallye (€2 million). The net expense is balanced by a positive impact on equity for €24 million.

› 9.3.2. Payments in parent company shares

Stock option plans

At 31 December 2019, no Casino, Guichard-Perrachon stock options were outstanding.

Free share plans

The final vesting of the shares for beneficiaries is subject to the condition of continued employment and to the achievement of the Company's annually assessed performance criteria, which results each year in the determination of the percentage of shares vested for the year in question. The total number of free shares that finally vest is equal to the average of the annual award. The performance criteria used for the 2018 and 2019 plans are 50% based on the coverage of financial expenses by EBITDA and 50% based on a cost of debt condition.

A breakdown of free share plans at 31 December 2019 is provided in the table below:

Grant date	23 May 2018	15 May 2019
Maturity date	23 May 2020	15 May 2021
Initial number of beneficiaries	38	36
Number of shares granted	222,943	263,896
Number of shares waived	31,477	18,204
Number of shares outstanding at period-end	191,466	245,692
Measurement of shares:		
Fair value of the share *(€)*	9.61	5.97
Vesting period	2 years	2 years

9.3.3. Main payments in operating subsidiary shares

The tables below summarise the characteristics of share-based payments with a potentially diluting effect in the Group's financial statements.

Stock option plans of Casino, Guichard-Perrachon

At 31 December 2018, no Casino, Guichard-Perrachon stock options were outstanding.

Free share plans of Casino, Guichard-Perrachon

Details of free share plans awarded by Casino, Guichard-Perrachon that were still in force at 31 December 2019 are provided in the table below:

Date of plan	Vesting date	Number of free shares authorised	Number of vested shares at 31 Dec. 2019	Of which number of performance shares[1]	Share price (€)[2]	Fair value of the share (€)[2]
12/12/2019	12/12/2022	28,043	28,043		45.15	42.37
12/12/2019	12/12/2021	19,260	19,260		45.15	44.23
12/12/2019	31/10/2021	8,939	8,939		45.15	43.43
12/12/2019	31/07/2021	27,626	27,626		45.15	42.88
07/05/2019	07/05/2020	103,665	103,665		35.49	29.92
07/05/2019	31/03/2021	5,252	5,252		35.49	28.65
07/05/2019	31/01/2021	15,553	15,553		35.49	28.37
07/05/2019	07/05/2024	7,809	7,809	7,809	35.49	14.65
07/05/2019	07/05/2022	184,608	155,661	155,661	35.49	16.44
13/12/2018	14/12/2021	32,218	25,643		37.10	27.70
13/12/2018	01/12/2020	13,088	13,088		37.10	31.46
13/12/2018	01/08/2020	4,144	4,144		37.10	30.81
13/12/2018	01/07/2020	2,630	1,315		37.10	30.63
15/05/2018	15/05/2021	1,500	1,500		40.75	31.36
15/05/2018	15/05/2023	7,326	6,853	6,853	40.75	17.01
15/05/2018	15/05/2021	177,117	116,978	116,978	40.75	18.35
25/04/2018	01/02/2020	11,955	6,742		41.89	35.15
20/04/2017	20/04/2022	5,666	5,666	5,666	51.00	27.25
20/04/2017	20/04/2020	156,307	84,021	84,021	51.00	28.49
20/04/2017	31/01/2020	245	245		51.00	43.17
13/05/2016	13/05/2020	7,178	4,085	4,085	53.29	34.45
Total		**820,129**	**641,801**	**381,073**		

(1) Performance conditions mainly concern organic sales growth and the level of recurring operating income or EBITDA of the company that employs the grantee.
(2) Weighted average.

Movements in these free share plans over the year were as follows:

Free share plans	2019	2018
Unvested shares at 1 January	487,276	542,580
Free share rights granted	400,755	349,565
Free share rights cancelled	(113,768)	(124,120)
Shares issued	(132,462)	(280,749)
Unvested shares at 31 December	**641,801**	**487,276**

› 9.3.4. GPA stock option plans

The main features of GPA stock option plans are as follows:

- "B Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price is BRL 0.01 per option.
- "C Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price corresponds to 80% of the average of the last 20 closing prices for GPA shares quoted on Bovespa.

Name of plan	Grant date	Exercise period start date	Expiry date	Number of options granted *(in thousands)*	Option exercise price *(BRL)*	**Number of options outstanding at 31 Dec. 2019 *(in thousands)***
C6 Series	31/05/2019	31/05/2022	30/11/2022	331	70.62	**312**
B6 Series	31/05/2019	31/05/2022	30/11/2022	434	0.01	**414**
C5 Series	31/05/2018	31/05/2021	30/11/2021	594	62.61	**441**
B5 Series	31/05/2018	31/05/2021	30/11/2021	594	0.01	**441**
C4 Series	31/05/2017	31/05/2020	30/11/2020	537	56.78	**273**
B4 Series	31/05/2017	31/05/2020	30/11/2020	537	0.01	**272**
					30.25	**2,153**

GPA uses the following assumptions to value its plans ("Series" 4, 5 and 6 respectively):

- dividend yield: 0.57%, 0.41% and 0.67%
- projected volatility: 35.19%, 36.52% and 32.74%;
- risk-free interest rate: 9.28%, 10.07%, 9.29% and 7.32%.

The average fair value of outstanding stock options at 31 December 2019 was BRL 56.41.

The table below shows changes in the number of outstanding options and weighted average exercise prices in the years presented:

	2019		2018	
	Number of outstanding options *(in thousands)*	**Weighted average exercise price *(BRL)***	Number of outstanding options *(in thousands)*	Weighted average exercise price *(BRL)*
Options outstanding at 1 January	**2,755**	**26.03**	**2,539**	**29.48**
Of which exercisable options	**-**	**-**	-	-
Options granted during the period	**765**	**30.55**	1,378	30.91
Options exercised during the period	**(1,080)**	**21.55**	(697)	31.96
Options cancelled during the period	**(126)**	**31.75**	(229)	38.64
Options that expired during the period	**(161)**	**16.74**	(236)	68.62
Options outstanding at 31 December	**2,153**	**30.25**	**2,755**	**26.03**
Of which exercisable options	**-**		-	-

9.4. Gross compensation and benefits of executives and members of Rallye's Board of Directors

(€ millions)	**2019**	2018
Short-term benefits excluding social security contributions[1]	**5**	8
Social security contributions on short-term benefits	**1**	3
Termination benefits for key executives		
Share-based payments[2]	**1**	1
Total	**7**	**12**

(1) Gross salaries, bonuses, benefits in kind and Directors' fees paid by the Company and by the companies it controls.
(2) Expense recognised in income statement in respect of stock option and free share plans.

9.5. Average number of Group employees

	2019	2018 (restated)
Managers	10,993	10,834
Staff	177,389	177,177
Supervisors	21,364	21,379
Average full-time equivalent employees	**209,746**	**209,390**

Note 10
Income tax

› Accounting principle

Income tax expense corresponds to the sum of the current taxes due by the various Group companies, adjusted for deferred taxes.

The French subsidiaries that satisfy tax consolidation criteria are generally members of a tax group and file a consolidated tax return.

Current tax expense reported in the income statement corresponds to the tax expense of the parent company of the tax group and of companies that are not members of a tax group.

Deferred tax assets correspond to future tax benefits arising from deductible temporary differences, tax loss carryforwards, unused tax credits and certain consolidation adjustments that are expected to be recoverable.

Deferred tax liabilities are recognised 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 income nor taxable income or the tax loss; and
- taxable temporary differences related to investments in subsidiaries, associates and joint ventures, except when the Group controls the timing of the reversal of the difference and it is probable that it will not reverse in the foreseeable future.

Deferred taxes are recognised using the balance sheet approach and in accordance with IAS 12. They are calculated by the liability method, which consists of adjusting deferred taxes recognised in prior periods for the effect of any enacted changes in the income tax rate.

The Group reviews the probability of deferred tax assets being recovered on a periodic basis for each tax entity. This review may, if necessary, lead to the derecognition of deferred tax assets recognised in prior years. The probability for recovery is assessed based on a tax plan indicating the level of projected taxable income.

The assumptions underlying the tax plan are consistent with those used in the medium-term business plans and budgets prepared by Group entities and approved by management.

The French corporate value-added tax (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE) which is based on the value-added reflected in the separate financial statements, is included in "Income tax expense" in the consolidated income statement.

When payments to holders of equity instruments are deductible for tax purposes, the tax effect is recognised by the Group in the income statement.

The introduction of IFRIC 23 – Uncertainty over Income Tax Treatments did not result in any significant changes to the measurement of uncertain tax positions in the financial statements at 31 December 2018. The impact of applying IFRIC 23 was not material, decreasing equity by €7 million at 1 January 2019. In the first half of 2019, the IFRIC was consulted on the classification of liabilities relating to uncertain tax positions in the consolidated statement of financial position. In September 2019, the IFRIC decided that these should be presented within current tax liabilities and/or deferred taxes. This classification was not previously applied by the Group, which reported provisions for uncertain income tax positions within provisions for risks and expenses. As a result of applying IFRIC 23 using the modified retrospective method (i.e., with no restatement of comparative information), the Group reclassified €9 million at 1 January 2019.

10.1. Income tax expense

› 10.1.1. Analysis of income tax expense

	2019			2018 (restated)		
(€ millions)	France	International	Total	France	International	Total
Current income tax	(46)	(80)	(126)	(90)	(137)	(227)
Other taxes (CVAE)	(63)		(63)	(61)		(61)
Deferred taxes	51	1	52	87	13	100
Total income tax benefit (expense) recorded in the income statement	**(58)**	**(79)**	**(137)**	**(64)**	**(124)**	**(188)**
Income tax on items recognised in "Other comprehensive income" (note 13.7.2)	**14**	**(2)**	**12**		**(1)**	**(1)**
Income tax on items recognised in equity	**1**	**13**	**14**	**(2)**		**(2)**

› 10.1.2. Tax proof

(€ millions)	2019	2018 (restated)
Income before tax	**(370)**	**125**
Theoretical tax rate[1]	***34.43%***	*34.43%*
Theoretical income tax expense	**128**	**(44)**
Impact of differences in foreign tax rates	9	7
Recognition of previously unrecognised tax benefits on tax losses and other deductible temporary differences[2]	15	76
Unrecognised deferred tax assets/valuation allowances on recognised deferred tax assets on tax loss carryforwards or other deductible temporary differences[3]	(107)	(84)
Change in corporate tax rate[4]	(44)	(36)
CVAE net of income tax	(42)	(40)
Non-deductible interest expense[5]	(33)	(36)
Non-taxable CICE tax credits[6]		25
Non-deductible asset impairment losses	(24)	(34)
Non-deductible exchange losses[7]		(22)
Tax effect of Brazilian dividends[8]	9	18
Other taxes on distributed earnings[9]	(15)	(10)
Deductible interest on deeply-subordinated perpetual bonds (TSSDI)	10	17
Taxation of Mercialys shares	(3)	(6)
Reduced-rate asset disposals and changes in scope of consolidation	(14)	2
Other	(26)	(21)
Actual income tax expense	**(137)**	**(188)**

(1) The reconciliation of the Group's tax expense is based on the current French rate of 34.43%, unchanged from the previous year.
(2) In 2019, this concerned the E-commerce segment for €3 million and the France Retail segment for €11 million. In 2018, this concerned the E-commerce segment for €39 million and the France Retail segment for €32 million.
(3) In 2019, this concerned the E-commerce segment for €29 million and the France Retail segment for €20 million. In 2018, this concerned the E-commerce segment for €29 million and the Latam Retail segment for €10 million.
(4) In 2019, the main impact relates to disposals of store properties and stores in the France Retail segment. In 2018, the main impact related to disposals of Monoprix store properties.
(5) Tax laws in some countries cap the deductibility of interest paid by companies. Up to 31 December 2018, French companies were required to add back 25% of interest expense to their taxable profit. This capping mechanism was reformed and a new mechanism put in place as of 1 January 2019. The impact on the two periods presented essentially concerns the France scope.
(6) See note 7.3.
(7) In 2018, this corresponded to the non-deductible negative foreign currency translation reserve reclassified to profit or loss (note 7.5).
(8) This concerns dividends paid by Brazilian subsidiaries in the form of interest on equity.
(9) Corresponding to taxation of intra-group dividends.

10.2. Deferred taxes

10.2.1. Change in deferred tax assets

(€ millions)	2019	2018 (restated)
At 1 January	**673**	**625**
(Expense) benefit for the year	**46**	67
Impact of changes in scope of consolidation	**(1)**	5
IFRS 5 reclassifications	**(26)**	(6)
Effect of movements in exchange rates and other reclassifications	**54**	(21)
Changes in deferred tax liabilities recognised directly in equity	**26**	1
At 31 December	**772**	**673**

The deferred tax benefit, net of deferred tax liabilities (note 10.2.2) of discontinued operations, was a benefit of €46 million in 2019 (2018: expense of €7 million).

10.2.2. Change in deferred tax liabilities

(€ millions)	2019	2018 (restated)
At 1 January	**667**	**740**
Expense (benefit) for the year	**(51)**	(26)
Impact of changes in scope of consolidation	**(44)**	4
IFRS 5 reclassifications	**1**	(10)
Effect of movements in exchange rates and other reclassifications	**(6)**	(45)
Changes in deferred tax liabilities recognised directly in equity		3
At 31 December	**566**	**667**

10.2.3. Deferred tax assets and liabilities by source

(€ millions)	Notes	Net 31 December 2019	Net 31 December 2018 (restated)
Intangible assets		**(599)**	(662)
Property, plant and equipment		**(132)**	(156)
Right-of-use assets net of lease liabilities		**131**	67
Inventories		**31**	(6)
Financial instruments		**71**	33
Other assets		**(78)**	(75)
Provisions		**200**	212
Regulated provisions		**(89)**	(128)
Other liabilities		**14**	78
Tax loss carryforwards and tax credits		**657**	643
Net deferred tax liability		**206**	**6**
Deferred tax assets	10.2.1	**772**	673
Deferred tax liabilities	10.2.2	**566**	667
Net		**206**	**6**

The tax savings realised by the Rallye and Casino, Guichard-Perrachon tax groups amounted to €10 million and €346 million, respectively, in 2019 (2018: €5 million and €399 million).

Recognised tax loss carryforwards and tax credits mainly concern the Casino, Guichard-Perrachon, Éxito and GPA tax groups. The corresponding deferred tax assets have been recognised in the statement of financial position as their utilisation is considered probable in view of the forecast future taxable income of the companies concerned. At 31 December 2019, deferred tax assets amounted to €347 million for Casino, Guichard-Perrachon, €117 million for Éxito and €62 million for GPA. These amounts are expected to be recovered by 2026 for Casino, Guichard-Perrachon, 2024 for Éxito and 2024 for GPA.

› 10.2.4. Unrecognised deferred taxes

At 31 December 2019, deferred tax assets for tax loss carryforwards amounted to €3,317 million, representing an unrecognised deferred tax effect of €880 million, excluding Leader Price (31 December 2018: €2,913 million, representing an unrecognised deferred tax effect of €802 million). The loss carryforwards mainly concern the Rallye tax consolidation group.

Expiry dates of unrecognised tax loss carryforwards are as follows:

(€ millions)	31 December 2019	31 December 2018
Within one year	1	
In one to two years	2	
In two to three years	1	2
In more than three years	1	6
Without maturity	875	794
Total unrecognised deferred tax assets	**880**	**802**

Note 11

Intangible assets, property, plant and equipment, and investment property

› Accounting principle

The cost of non-current assets corresponds to their purchase cost plus transaction expenses including tax. For intangible assets, property, plant and equipment, and investment property, these expenses are added to the assets' carrying amount and follow the same accounting treatment.

11.1. Goodwill

› Accounting principle

At the acquisition date, goodwill is measured in accordance with the accounting principle applicable to "Business combinations", described in note 4.

Goodwill is not amortised but is tested for impairment at each year-end, or whenever events or a change of circumstances indicate that it may be impaired. Impairment losses on goodwill are not reversible. The impairment testing methods used by the Group are described in "Impairment of non-current assets" (note 11.5).

Negative goodwill is recognised directly in profit or loss for the year of acquisition, after valuation of any identifiable acquired assets, liabilities and contingent liabilities.

› 11.1.1. Breakdown by business line and geographical area

(€ millions)	31 December 2019	31 December 2018 (restated)
France Retail[1]	**5,354**	**6,481**
Hypermarkets, supermarkets and convenience stores	1,405	1,432
Franprix-Leader Price[2]	1,599	2,693
Monoprix	1,333	1,323
Other	22	38
E-commerce (France)	**61**	**61**
Latam Retail	**3,068**	**3,135**
of which Argentina	***64***	*66*
of which Brazil (GPA food)	***2,236***	*2,272*
of which Colombia	***505***	*501*
of which Uruguay	***263***	*296*
Food and general retailing	**8,483**	**9,677**
Other businesses		**7**
Goodwill	**8,483**	**9,684**

(1) Of which €1,011 million corresponding to goodwill recognised by Rallye on Casino Group (note 11.5.1).
(2) Including €1,106 million in Leader Price goodwill reclassified in 2019 in accordance with IFRS 5.

11.1.2. Movements for the year

(€ millions)	2019	2018 (restated)
Accumulated carrying amount at 1 January	**9,684**	**10,106**
Goodwill recognised during the year[1]	**18**	113
Impairment losses recognised during the year	**(18)**	(1)
Goodwill written off on disposals	**(4)**	(4)
Effect of movements in exchange rates	**(88)**	(316)
Reclassifications and other movements[2]	**(1,109)**	(214)
Accumulated carrying amount at 31 December	**8,483**	**9,684**

(1) The €113 million increase in goodwill at 31 December 2018 mainly reflects (i) goodwill of €76 million recognised on the acquisition of various subgroups and individual businesses by Franprix-Leader Price (note 4.2.2) and (ii) goodwill of €16 million recognised on the acquisition of Sarenza (note 4.2.1).
(2) In 2019, this line reflects the reclassification of Leader Price within assets held for sale in an amount of €1,106 million. In 2018, this line reflected (i) the reclassification of assets from the France Retail segment in assets held for sale and (ii) the remeasurement of goodwill in Argentina for €61 million, in application of IAS 29.

11.2. Other intangible assets

Accounting principle

Intangible assets acquired separately by the Group are initially recognised at cost and those acquired in business combinations are initially recognised at fair value. Intangible assets consist mainly of purchased software, software developed for internal use, trademarks, patents and costs to obtain contracts. Trademarks that are created and developed internally are not recognised in the statement of financial position. Intangible assets are amortised on a straight-line basis over their estimated useful lives, as determined separately for each asset category. Capitalised development costs are amortised over three years and software over three to ten years. Indefinite life intangible assets (including purchased trademarks) are not amortised, but are tested for impairment at each year-end or whenever there is an indication that their carrying amount may not be recovered.

An intangible asset is derecognised on disposal or when no future economic benefit is expected from its use. The gain or loss arising from 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 recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and amortisation methods are reviewed at each year-end and revised prospectively if necessary.

11.2.1. Breakdown of other intangible assets

	31 December 2019			31 December 2018 (restated)		
(€ millions)	Gross	Accumulated amortisation and impairment	Net	Gross	Accumulated amortisation and impairment	Net
Concessions, trademarks, licences and banners	**1,538**	**(26)**	**1,512**	1,573	(26)	1,547
Software	**1,295**	**(855)**	**441**	1,185	(803)	382
Other intangible assets	**505**	**(161)**	**344**	527	(165)	363
Intangible assets	**3,338**	**(1,041)**	**2,297**	**3,285**	**(993)**	**2,292**

11.2.2. Movements for the year

(€ millions)	Concessions, trademarks, licences and banners	Software	Other intangible assets	Total
Carrying amount at 1 January 2018 (restated)	**1,667**	**363**	**291**	**2,321**
Changes in scope of consolidation	16		(4)	12
Additions and acquisitions	1	66	205	271
Assets disposed of during the year			(3)	(3)
Amortisation for the year	(1)	(106)	(53)	(160)
Impairment (losses)/reversals, net	(6)	(6)	(2)	(14)
Effect of movements in exchange rates	(98)	(16)		(114)
IFRS 5 reclassifications	(32)	(1)	(1)	(34)
Other reclassifications and movements	1	82	(70)	13
Carrying amount at 31 December 2018 (restated)	**1,547[1]**	**382**	**362[2]**	**2,292**
Changes in scope of consolidation			(5)	**(5)**
Additions and acquisitions	2	66	201	**269**
Assets disposed of during the year	1	(4)	(4)	**(7)**
Amortisation for the year		(113)	(64)	**(177)**
Impairment (losses)/reversals, net	(3)	(2)	(4)	**(8)**
Effect of movements in exchange rates	(14)	(3)		**(17)**
IFRS 5 reclassifications	(21)	(4)	(32)	**(56)**
Other reclassifications and movements	(2)	118	(110)	**6**
Carrying amount at 31 December 2019	**1,511[1]**	**441**	**345[2]**	**2,297**

(1) Including trademarks for €1,509 million (31 December 2018: €1,525 million).
(2) Including costs to obtain contracts for €113 million (31 December 2018: €152 million) (note 7.1.2).

Internally-generated intangible assets (mainly information systems developments) represented €92 million at 31 December 2019 (31 December 2018: €65 million).

Intangible assets at 31 December 2019 included trademarks with an indefinite life, carried in the statement of financial position for €1,509 million, allocated to the following groups of CGUs:

(€ millions)	31 December 2019	31 December 2018 (restated)
Latam Retail	**926**	**939**
of which Brazil (GPA Food)[1]	***742***	*753*
of which Colombia	***159***	*157*
of which Uruguay	***25***	*28*
France Retail	**573**	**577**
of which Casino France	***1***	*1*
of which Monoprix[1]	***572***	*576*
E-commerce	**9**	**9**

(1) Trademarks are allocated to the following GPA Food banners in Brazil and Monoprix banners in France:

(€ millions)	31 December 2019	31 December 2018 (restated)
GPA Food	**742**	**754**
Pão de Açúcar	***231***	*235*
Extra	***397***	*404*
Assaí	***113***	*115*
Other	***1***	
Monoprix	**572**	**576**
Monoprix	***552***	*552*
Other	***20***	*24*

Intangible assets were tested for impairment at 31 December 2019 using the method described in note 11.5 "Impairment of non-current assets." The test results are presented in the same note.

11.3. Property, plant and equipment

› Accounting principle

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditures are recognised in assets if they satisfy the recognition criteria of IAS 16. The Group examines these criteria before incurring the expenditure.

Land is not depreciated. All other items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives for each category of asset, with generally no residual value.

The Group applies the following depreciation periods:

Asset category	Depreciation period
Land	-
Buildings (structure)	50 years
Roof waterproofing	15 years
Fire protection of the building structure	25 years
Land improvements	10 to 40 years
Building fixtures and fittings	5 to 20 years
Technical installations, machinery and equipment	5 to 20 years
Computer equipment	3 to 5 years

"Roof waterproofing" and "Fire protection of the building structure" are classified as separate items of property, plant and equipment only when they are installed during major renovation projects. In all other cases, they are included in the "Building (structure)" category.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from 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 recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and depreciation methods are reviewed at each year-end and revised prospectively if necessary.

› 11.3.1. Breakdown of property, plant and equipment

	31 December 2019			31 December 2018 (restated)		
(€ millions)	**Gross**	**Accumulated depreciation and impairment**	**Net**	Gross	Accumulated depreciation and impairment	Net
Land and land improvements	**960**	**(75)**	**885**	1,226	(80)	1,146
Buildings, fixtures and fittings	**3,268**	**(1,232)**	**2,035**	3,742	(1,466)	2,276
Other property, plant and equipment	**6,288**	**(4,094)**	**2,194**	6,922	(4,478)	2,444
Property, plant and equipment	**10,516**	**(5,401)**	**5,115**	**11,890**	**(6,023)**	**5,866**

› 11.3.2. Movements for the year

(€ millions)	Land and land improvements	Buildings, fixtures and fittings	Other	Total
Carrying amount at 1 January 2018 (restated)	**1,868**	**2,818**	**2,679**	**7,365**
Changes in scope of consolidation	18	25	34	77
Additions and acquisitions	18	175	686	880
Assets disposed of during the year	(65)	(108)	(153)	(326)
Depreciation for the year	(4)	(138)	(376)	(518)
Impairment (losses)/reversals, net	(14)	21	(66)	(59)
Effect of movements in exchange rates	(56)	(169)	(88)	(313)
IFRS 5 reclassifications	(598)	(396)	(177)	(1,171)
Reclassifications and other movements	(21)	48	(95)	(68)
Carrying amount at 31 December 2018 (restated)	**1,146**	**2,276**	**2,445**	**5,866**
Changes in scope of consolidation		(2)	3	**1**
Additions and acquisitions	20	218	631	**869**
Assets disposed of during the year	(21)	(110)	(57)	**(188)**
Depreciation for the year	(3)	(125)	(349)	**(477)**
Impairment (losses)/reversals, net	(7)	(9)	(54)	**(70)**
Effect of movements in exchange rates	(23)	(42)	(15)	**(80)**
IFRS 5 reclassifications	(227)	(273)	(275)	**(775)**
Reclassifications and other movements	1	101	(133)	**(31)**
Carrying amount at 31 December 2019	**885**	**2,035**	**2,195**	**5,115**

Property, plant and equipment were tested for impairment at 31 December 2019 using the method described in note 11.5 "Impairment of non-current assets." The test results are presented in the same note.

› 11.3.3. Capitalised borrowing costs

› Accounting principle

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (typically more than six months) are capitalised in the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds.

Interest capitalised in 2019 amounted to €5 million, reflecting an average interest rate of 6.1% (2018: €11 million at an average rate of 6.1%).

11.4. Investment property

› Accounting principle

Investment property is property held by the Group or leased by the Group (in which case it gives rise to a right-of-use asset) to earn rental revenue or for capital appreciation or both. The shopping malls owned by the Group are classified as investment property.

Subsequent to initial recognition, they are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Investment property is depreciated over the same useful life and according to the same rules as owner-occupied property.

11.4.1. Breakdown of investment property

(€ millions)	31 December 2019 Gross	Accumulated depreciation and impairment	Net	31 December 2018 Gross	Accumulated depreciation and impairment	Net
Investment property	609	(115)	494	603	(106)	497

11.4.2. Movements for the year

(€ millions)	2019	2018
Carrying amount at 1 January	**497**	**495**
Changes in scope of consolidation	4	1
Additions and acquisitions	14	59
Assets disposed of during the year		(1)
Depreciation for the year	(14)	(8)
Impairment (losses)/reversals, net	(4)	(1)
Effect of movements in exchange rates	(15)	(29)
IFRS 5 reclassifications	(7)	(18)
Other reclassifications and movements[1]	19	
Carrying amount at 31 December	**494**	**497**

(1) Including €19 million relating to the remeasurement at Libertad in application of IAS 29 – Financial Reporting in Hyperinflationary Economies.

At 31 December 2019, investment property totalled €494 million, of which 72% (€356 million) concerned Éxito. Investment property at 31 December 2018 amounted to €497 million, of which 69% concerned Éxito.

Amounts recognised in the income statement in respect of rental revenue and operating expenses on investment properties were as follows:

(€ millions)	2019	2018
Rental revenue from investment properties	86	74
Directly attributable operating expenses on investment properties		
– that generated rental revenue during the year	(19)	(18)
– that did not generate rental revenue during the year	(33)	(28)

Fair value of investment property

The main investment properties at 31 December 2019 were held by Éxito.

At 31 December 2019, the fair value of investment property was €816 million (31 December 2018: €847 million). For most investment properties, fair value is determined on the basis of valuations carried out by independent external valuers. In accordance with international valuation standards, they are based on market value as confirmed by market indicators, representing a level 3 fair value input.

The fair value of investment property classified as "Assets held for sale" was €16 million at 31 December 2019 and primarily concerned the France Retail segment (31 December 2018: €24 million).

11.5. Impairment of non-current assets

› Accounting principle

The procedure to be followed to ensure that the carrying amount of assets does not exceed their recoverable amount (recovered by use or sale) is defined in IAS 36.

Intangible assets and property, plant and equipment are tested for impairment whenever there is an indication that their carrying amount may not be recoverable and at least annually, at the year-end, for goodwill and intangible assets with an indefinite useful life.

These tests are conducted within each cash-generating unit (CGU) or group of CGUs.

› CGUs and goodwill

A CGU 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.

The goodwill recognised upon business combinations is allocated to CGUs or groups of CGUs. Goodwill is monitored at CGU or group of CGU level.

› Impairment tests

Impairment tests consist in comparing the recoverable amount of assets or CGUs to their net carrying amount.

› Determination of the recoverable amount of an asset

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

- Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In the retail industry, fair value less costs to sell is generally determined on the basis of a sales or EBITDA multiple.
- 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 flow projections usually based on business plans covering three years. Cash flows beyond this projection period are usually estimated over a period of three years by applying a growth rate as determined by management (generally constant);
  - a terminal value determined by applying a perpetual growth rate to the final year's cash flow projection.

The cash flows 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.

An impairment loss is recognised when the carrying amount of an asset or the CGU to which it belongs is greater than its recoverable amount. Impairment losses are recognised in "Other operating expenses".

Impairment losses recognised 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 recognised. 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 recognised for the asset in prior years. Impairment losses on goodwill cannot be reversed.

› 11.5.1. Impairment losses on the goodwill of Rallye's operating subsidiaries

The CGUs used are the Group's operating subsidiaries. Goodwill allocated to the Casino Group CGU amounted to €1,011 million.

The value in use of Casino shares is estimated using a multicriteria method using:

- the present value of future cash flows net of debt;
- comparable multiples (sales and profitability indicators), to which a control premium of 25% is applied.

This multicriteria method is based on market inputs which are, by definition, subject to fluctuations. In 2019, the value in use of Casino shares was calculated on the basis of a perpetual growth rate of 3% (as in 2018) and a discount rate of 8.4% (8.2% in 2018). A 25-basis point increase in the discount rate or a 25-point decrease in the perpetual growth rate used to calculate terminal value would not have led to the recognition of an impairment loss.

Goodwill for operating subsidiary Groupe GO Sport amounted to €7 million, and was classified in accordance with IFRS 5 at 31 December 2019 (notes 3 and 4.5).

11.5.2. Impairment tests conducted in operating subsidiaries

Casino Group has defined its CGUs as follows:

- for hypermarkets, supermarkets and discount stores, each store is treated as a separate CGU;
- for other networks, each network represents a separate CGU.

Indications of impairment losses used in Casino Group depend on the nature of the assets:

- land and buildings: loss of rent or early termination of a lease;
- operating assets related to the business (assets of the CGU): net carrying amount of store assets/sales (including VAT) ratio higher than a defined level determined separately for each store category;
- assets allocated to administrative activities (headquarters and warehouses): site closure or obsolescence of equipment used at the site.

Casino Group also uses external sources of information (economic environment, market value of assets, etc.).

Impairment losses recognised in 2019 on goodwill, intangible assets, property, plant and equipment and investment property totalled €111 million (note 7.5), of which €52 million arose from restructuring operations (mainly in the France Retail segment for €31 million and in the Latam Retail segment for €21 million) and €59 million corresponded to write-downs of individual assets (mainly in the France Retail segment for €55 million, the E-commerce segment for €3 million and the Latam Retail segment for €1 million).

Following the tests carried out in 2018, impairment losses totalling €68 million had been recognised on goodwill, intangible assets and property, plant and equipment, of which €24 million arose from restructuring operations mainly in the France Retail segment and €43 million corresponded to write-downs of individual assets (primarily in the France Retail segment for €41 million and in the E-commerce segment for €4 million).

Casino goodwill impairment

Assumptions used in 2019 for internal calculations of values in use:

Region	2019 perpetual growth rate[1]	2019 after-tax discount rate[2]	2018 perpetual growth rate[1]	2018 after-tax discount rate[2]
France (retailing)	**1.7%**	**5.6%**	1.9%	5.6%
France (other businesses)	**1.7% and 2.2%**	**5.6% and 7.9%**	1.9% and 2.4%	5.6% and 7.7%
Argentina	**5.0%**	**21.1%**	4.9%	14.4%
Brazil[3]	**4.8%**	**8.4%**	5.5%	10.1%
Colombia[3]	**3.0%**	**8.0%**	3.0%	9.0%
Uruguay	**7.0%**	**11.9%**	6.1%	11.2%

(1) The inflation-adjusted perpetual growth rate ranges from 0% to 1.5% depending on the nature of the CGU's business/banner and country.
(2) The discount rate corresponds to the weighted average cost of capital (WACC) for each country. WACC is calculated at least once a year during the annual impairment testing exercise by taking account of the sector's levered beta, a market risk premium and Casino Group's cost of debt for France and the local cost of debt for subsidiaries outside France.
(3) At 31 December 2019, the market capitalisation of the listed subsidiaries GPA, Éxito and Cnova was €5,202 million, €1,683 million and €856 million, respectively. With the exception of Cnova, these market capitalisations were less than the carrying amount of the subsidiaries' net assets. Impairment tests on GPA and Éxito goodwill were performed by Casino Group based on their value in use (see below).

At 31 December 2019 Casino Group recognised a €17 million impairment loss against the catering business in France as a result of the year-end goodwill impairment test.

In view of the positive difference between value in use and carrying amount, Casino Group believes that on the basis of reasonably foreseeable events, any changes in the key assumptions set out above would not lead to the recognition of an impairment loss. Casino Group considers reasonably foreseeable changes in key assumptions to be a 100-basis point increase in the discount rate or a 25-basis point decrease in the perpetual growth rate used to calculate terminal value or a 50-basis point decrease in the EBITDA margin for the cash flow projection used to calculate the terminal value.

11.5.3. Impairment of Casino Group trademarks

The recoverable amounts of trademarks were estimated at the year-end using the discounted cash flows method. The main trademarks concern GPA. The Extra banner's trademark (representing a carrying amount of €397 million at 31 December 2019) is less exposed to a risk of impairment than at the end of 2018. No impairment losses were recognised at 31 December 2019 as a result of these tests and none would have been recognised in the event of a reasonable change in the main assumptions used in those tests.

Note 12

Financial structure and finance costs

› Accounting principle

› Financial assets

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.

They are classified in the following three categories:

- financial assets at amortised 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 amortised cost

Financial assets are measured at amortised 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) they 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 amortised cost, determined using the effective interest method, less any expected impairment losses in relation to the credit risk. 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 (except for GPA credit card 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 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 derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.

  This category mainly consists of GPA credit card receivables.

- 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 recognised 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.

Financial assets at fair value through profit or loss

All financial assets that are not classified as financial assets at amortised 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.

This category mainly comprises derivative instruments that do not qualify for hedge accounting and investments in non-consolidated companies, for which the Group decided not to retain the fair value through OCI option.

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.

The Group typically uses interest bearing bank accounts or term deposits of less than three months.

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 amortised cost (including cash-based instruments), contract assets and debt instruments at fair value through OCI.

The main financial assets concerned are trade receivables relating to Brazilian credit activities, trade receivables from franchisees and affiliated stores and rent receivables.

For trade and rent receivables and contract assets, the Group 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. For other financial assets, the Group applies the general impairment model.

Derecognition of financial assets

Financial assets are derecognised 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 to a third party, and:
  - if substantially all the risks and rewards of ownership of the financial asset have been transferred, the asset is derecognised in full,
  - if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognised in the statement of financial position for its total amount.

› Financial liabilities

Financial liabilities are classified in two categories and comprise:

- financial liabilities at amortised 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 at the closing date and non-current if they are due in more than one year.

The accounting treatment of put options granted to owners of non-controlling interests ("NCI puts") is described in note 4.4.1.

Financial liabilities recognised at amortised cost

Borrowings and other financial liabilities are generally recognised at amortised cost calculated using the effective interest rate. They are subject, where applicable, to hedge accounting.

Arrangement fees, issue premiums, redemption premiums and the initial values of embedded derivatives are part of the amortised cost of borrowings and financial liabilities. They are stated as decreases or increases in the corresponding borrowings and, depending on the case, are amortised on an actuarial basis.

Several subsidiaries have set up reverse factoring programmes with financial institutions to enable their suppliers to collect receivables more quickly in the ordinary course of the purchasing process.

The accounting policy for these transactions depends on whether or not the characteristics of the liabilities concerned have been changed. For example, when trade payables are not substantially modified (term and due date, consideration, face value) they continue to be recorded under "Trade payables". Otherwise, they are qualified as financing transactions and included in financial liabilities under "Trade payables – structured programme".

Financial liabilities at fair value through profit or loss

These are mainly derivative instruments (see below) and 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 recognised in the income statement. The Group does not hold any liabilities for trading other than derivative instruments at fair value through profit or loss.

Hybrid financial liabilities

These are financial instruments made up of a host contract (a debt, for example) and an embedded derivative. After the issue of the financial instrument, the derivative is split from the host contract (split accounting), it is measured at fair value at each close of period and the changes are recognised in income. The initial value of the derivative is integrated into the amortised cost of the loan.

Derivative instruments

All derivative instruments are recognised in the statement of financial position and measured at fair value.

Derivative financial instruments that qualify for hedge accounting: recognition and presentation

In accordance with IFRS 9, the Group applies hedge accounting to:

- fair value hedges of a liability (for example, swaps to convert fixed rate debt to variable rate). The hedged item is recognised at fair value and any change in fair value is recognised in profit or loss. Gains and losses arising from remeasurement at fair value of the derivative are also recognised in profit or loss. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative;
- cash flow hedges (for example, swaps to convert floating rate debt to fixed rate or to change the borrowing currency, and hedges of budgeted purchases billed in a foreign currency). For these hedges, the ineffective portion of the change in the fair value of the derivative is recognised in profit or loss and the effective portion is recognised in other comprehensive income and subsequently reclassified to profit or loss on a symmetrical basis with the hedged cash flows in terms of both timing and classification (i.e., in recurring operating income for hedges of operating cash flows and in net financial income and expense for other hedges). The premium/discount component of forward foreign exchange contracts is treated as a hedging cost. Changes in the fair value of this component are recorded in "Other comprehensive income" and reclassified to profit or loss as part of the cost of the hedged transaction on the transaction date ("basis of adjustment" method);
- hedges of net investments in foreign operations. For these hedges, the effective portion of the change in fair value attributable to the hedged foreign currency risk is recognised net of tax in other comprehensive income and the ineffective portion is recognised directly in income or expense. Gains or losses accumulated in other comprehensive income are reclassified to profit or loss on the date of liquidation or disposal of the net investment.

Hedge accounting may only be used if:

- the hedging instruments and hedged items included in the hedging relationship are all eligible for hedge accounting;
- the hedging relationship is clearly defined and documented at inception; and
- the effectiveness of the hedge can be demonstrated at inception and throughout its life.

Derivative financial instruments that do not qualify for hedge accounting: recognition and presentation

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, successive changes in its fair value are recognised directly in profit or loss for the period under "Other financial income and expenses".

Definition of net debt

Net debt corresponds to loans and other borrowings including derivatives designated as hedges (liabilities) and trade payables – structured programme, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives designated as hedges (assets), (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale at the level of the sub-groups, attributable to owners of the parent.

12.1. Other current financial assets and net cash

› 12.1.1. Other current financial assets

(€ millions)	Notes	31 December 2019	31 December 2018
Financial assets held for cash management purposes and short-term financial investments		1	39
Financial assets arising from a significant disposal of non-current assets		31	41
Guarantees and escrow accounts[1]		371	106
Sub-total	**12.2**	**402**	**186**
Derivatives (fair value and hedges of borrowings) – assets	12.5.1	17	34
Other current financial assets	**12.6.1**	**419**	**220**

(1) Of which €193 million relating to the November 2019 refinancing transactions for Casino (note 3). For Rallye, at 31 December 2019, €82 million worth of money-market funds pledged as collateral for a €202 million credit line and cash in the amount of €20.8 million pledged as collateral for bank debt (€5.8 million in respect of debt relating to a structured derivative transaction not covered by the safeguard proceedings and €15 million in respect of bank debt). At 31 December 2018, these cash pledges amounted to €100 million.

› 12.1.2. Net cash and cash equivalents

(€ millions)	31 December 2019	31 December 2018
Cash equivalents	1,074	1,184
Cash	2,571	2,617
Gross cash and cash equivalents	**3,645**	**3,801**
Bank overdrafts (note 12.4)	(101)	(149)
Net cash and cash equivalents	**3,544**	**3,652**

At 31 December 2019, cash and cash equivalents for Casino Group (€3,471 million) were not subject to any material restriction.

Casino Group's bank guarantees are presented in note 7.11.1.

12.2. Financial liabilities

12.2.1. Breakdown of net debt

Financial liabilities amounted to €12,842 million at 31 December 2019 (31 December 2018: €12,268 million), breaking down as follows:

		31 December 2019			31 December 2018 (restated)		
(€ millions)	Notes	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds[1]	12.2.3	6,661	1,918	8,579	6,623	1,239	7,861
Other borrowings and financial liabilities	12.2.4	1,647	2,599	4,246	2,816	1,585	4,401
Fair value hedges – liabilities[2]	12.5.1	10	8	17	3	3	6
Gross financial liabilities		**8,318**	**4,524**	**12,842**	**9,442**	**2,827**	**12,268**
Fair value hedges – assets[3]	12.5.1	(62)	(17)	(78)	(82)	(34)	(116)
Other financial assets	7.8.1/7.9.1	(54)	(402)	(456)	(8)	(186)	(195)
Net assets held for sale attributable to owners of the parent of the selling subsidiary	4.2.1		(1,608)	(1,608)		(1,806)	(1,806)
Cash and cash equivalents	12.1		(3,645)	(3,645)		(3,801)	(3,801)
Cash and cash equivalents, other financial assets and net assets held for sale			**(5,253)**	**(5,253)**		**(5,607)**	**(5,607)**
Net debt		**8,202**	**(1,147)**	**7,055**	**9,351**	**(3,001)**	**6,351**
of which Holding scope				***3,000***			*2,899*
of which Groupe GO Sport							*75*
of which France Retail				***2,282***			*2,724*
of which Latam Retail				***1,550***			*1,018*
of which E-commerce				***221***			*199*
of which Latam Electronics							*(563)*

(1) At 31 December 2019, including €6,010 million in France and €2,568 million in Brazil. At 31 December 2018, including €6,942 million in France and €919 million in Brazil.
(2) At 31 December 2019, including €11 million in France and €7 million in Brazil. At 31 December 2018, including €3 million in France, €2 million in Colombia and €1 million in Brazil.
(3) At 31 December 2019, including €66 million in France and €13 million in Brazil. At 31 December 2018, including €69 million in France, €27 million in Colombia and €20 million in Brazil.

At Casino Group this indicator, known as "Loans and borrowings", is defined as gross borrowings and debt adjusted for cash flow hedges and other financial assets. It is used to calculate the covenants included in the new revolving credit facility (RCF) (notes 3 "Refinancing and uses of Casino Group's funds" and 12 "Management of Casino, Guichard-Perrachon's medium- and long-term debt"). For Casino Group, this indicator came out at €9,229 million in 2019 and €8,794 million in 2018.

The provisions and impacts of the safeguard proceedings are described in note 2. The net debt of the Rallye holding company scope stood at €3,000 million at 31 December 2019.

Reconciliation of net debt of the holding company scope with the safeguard plan

(€ millions)	31 December 2019
Debt secured by pledges over Casino shares	1,165
Debt secured by pledges over shares of Rallye subsidiaries (other than Casino)	207
Unsecured debt	1,600
Total debt under the safeguard plans	**2,972**
Structured derivatives (not covered by the safeguard plans)	223
Total debt	**3,195**
Consolidation adjustments	(2)
Cash and other financial assets	(193)
Total net debt	**3,000**

Following an increase of €49 million in accrued interest on debt under the safeguard plan, the outstanding amount rose from €2,923 million to €2,972 million.

› 12.2.2. Change in financial liabilities

(€ millions)	Notes	2019	2018 (restated)
Gross financial liabilities		**12,269**	11,865
Fair value hedges – assets		**(116)**	(112)
Other financial assets		**(195)**	(47)
Financial liabilities at 1 January (restated)		**11,958**	**11,706**
New borrowings[(1)(3)(6)]		**5,186**	2,806
Repayments of borrowings[(2)(3)(6)]		**(4,280)**	(2,496)
Change in fair value of hedged debt		**92**	92
Change in accrued interest		**52**	(35)
Foreign currency translation adjustments		**(63)**	(165)
Changes in scope of consolidation[(4)]		**(135)**	302
Reclassification of financial liabilities associated with assets held for sale		**(217)**	59
Change in other financial assets		**(247)**	(145)
Other reclassifications[(5)]		**(38)**	(165)
Financial liabilities at 31 December		**12,307**	**11,960**
Financial liabilities at 31 December	12.2.1	**12,842**	12,268
Fair value hedges – assets	12.2.1	**(78)**	(116)
Other financial assets	12.2.1	**(456)**	(195)

(1) New borrowings in 2019 primarily include the following: (i) a bond issue by Quatrim, a wholly-owned subsidiary of Casino, Guichard-Perrachon, and an issue by Casino, Guichard-Perrachon of a term loan placed with investors ("Term Loan B") for a total amount of €1,800 million in November 2019 (as described in note 3), and (ii) issues by the GPA sub-group of BRL 8,000 million (€1,812 million) in bonds, primarily following the Europe transaction (note 3) and BRL 1,600 million (€362 million) in promissory notes, as well as BRL 2,168 million (€491 million) in loans taken out with banks, and (iii) financing set up at the Rallye holding company level totalling €600 million.
New borrowings in 2018 mainly included the following: (i) a €200 million bond issue by Casino, Guichard-Perrachon and a CHF 95 million (€80 million) bond issue by Rallye, (ii) at GPA, three bond issues for a total of BRL 2,000 million (€464 million) and new bank loans for BRL 1,168 million (€271 million), (iii) a €400 million loan taken out by Ségisor and (iv) drawdowns on lines of credit by Rallye for €950 million and by Éxito for COP 500 billion (€143 million).

(2) Repayments of borrowings in 2019 mainly concern Casino, Guichard-Perrachon, Quatrim and Casino Finance for €1,560 million (of which (i) the €784 million bond tender in November 2019 described in note 3, and (ii) redemption of a €675 million bond issue in August 2019), Éxito for €1,160 million and Ségisor for €204 million (including €198 million following efforts to simplify Casino Group's structure in Latin America (note 3)), GPA for €717 million and Rallye for €300 million.
Repayments of borrowings in 2018 mainly concerned Rallye for €956 million (of which (i) bond redemptions for €670 million including an early repayment (note 2), (ii) loan repayments for €62 million and (iii) repayment at maturity of "NEU CP" negotiable European commercial paper for €223 million) and Casino, Guichard-Perrachon for €516 million (of which (i) the €135 million bond buyback, and (ii) redemption of a €348 million bond issue), GPA for €583 million and Éxito for €240 million.

(3) In 2019, cash flows relating to financing activities can be summarised as a net inflow of €485 million, consisting of repayments of borrowings for €4,273 million and net interest paid (excluding on lease liabilities) for €429 million (note 5.9), offset by new borrowings in an amount of €5,187 million.
In 2018, cash flows relating to financing activities can be summarised as a net disbursement of €202 million, consisting of repayments of borrowings for €2,494 million and net interest paid (excluding on lease liabilities) for €513 million (note 5.9), offset by new borrowings in an amount of €2,806 million.

(4) Including €97 million and €50 million related to total return swaps (TRS) on Mercialys (note 4.1.1) and Via Varejo shares respectively (note 3). The 2019 Via Varejo TRS was unwound in June 2019.
In 2018, including €198 million and €49 million related to total return swaps (TRS) set up during the year on Mercialys and Via Varejo shares respectively.

(5) In 2019, including a €20 million reduction in bank overdrafts.

(6) Changes in NEU CP are presented net in this table.

12.3. Outstanding bond issues

(€ millions)	Currency	Principal[1]	Issue rate[2]	Issue date	Maturity date	31 December 2019[3]	31 December 2018[3]
Rallye		**1,170**				**1,160**	**1,453**
2019 EMTN	EUR		4.25%	March 2013			300
2020 bonds	EUR	4	1.00%	October 2013	[4]	**4**	4
2020 bonds	CHF	67	4.00%	November 2016	[4]	**66**	66
2021 EMTN	EUR	465	4.00%	April 2014	[4]	**469**	468
2022 bonds	EUR	200	5.25%	October 2016	[4]	**188**	183
2023 EMTN	EUR	350	4.37%	May 2017	[4]	**348**	348
2024 bonds	CHF	84	3.25%	February 2018	[4]	**84**	84
Casino, Guichard-Perrachon		**3,878**				**4,059**	**5,490**
2019 bonds	EUR		4.41%	August 2012; April 2013	August 2019		681
2020 bonds[5]	EUR	257	5.24%	March 2012	March 2020	**258**	507
2021 bonds[5]	EUR	597	5.98%	May 2011	May 2021	**611**	884
2022 bonds[5]	EUR	452	1.87%	June 2017; Jan. 2018	June 2022	**447**	732
2023 bonds	EUR	720	4.56%	January 2013; May 2013	January 2023	**762**	766
2024 bonds	EUR	900	4.50%	March 2014	March 2024	**950**	941
2025 bonds	EUR	444	3.58%	December 2014	February 2025	**469**	451
2026 bonds	EUR	508	4.05%	August 2014	August 2026	**562**	530
Quatrim bonds	EUR	800	5.88%	November 2019	January 2024	**791**	
GPA		**2,585**				**2,569**	**919**
2019 bonds	BRL		97.5% CDI	December 2016	December 2019		227
2020 bonds	BRL	239	96.0% CDI	April 2017	April 2020	**239**	242
2020 bonds	BRL	11	CDI +0.72%	July 2019	July 2020	**11**	
2020 bonds	BRL	221	CDI +1.60%	September 2019	Aug. 20	**221**	
2021 bonds	BRL	177	104.75% CDI	January 2018	January 2021	**177**	180
2021 bonds	BRL	155	106.0% CDI	September 2018	September 2021	**155**	158
2021 bonds	BRL	11	CDI +0.72%	July 2019	July 2021	**11**	
2021 bonds	BRL	443	CDI +1.74%	September 2019	August 2021	**443**	
2022 bonds	BRL	111	107.4% CDI	September 2018	September 2022	**111**	112
2022 bonds	BRL	177	105.75% CDI	January 2019	January 2022	**177**	
2022 bonds	BRL	11	CDI +0.72%	July 2019	July 2022	**11**	
2022 bonds	BRL	443	CDI +1.95%	September 2019	August 2022	**443**	
2023 bonds	BRL	55	CDI +0.72%	July 2019	July 2023	**55**	
2023 bonds	BRL	443	CDI +2.20%	September 2019	August 2023	**426**	
2024 bonds	BRL	44	CDI +0.72%	July 2019	July 2024	**44**	
2025 bonds	BRL	44	CDI +0.72%	July 2019	July 2025	**44**	
Total bonds						**8,579**	**7,861**

(1) Corresponds to the principal of the bonds outstanding at the year-end.
(2) Bond issues in France are all at fixed rates of interest. GPA's bond issues in Brazil are all at variable rates indexed to the CDI (Certificado de depósito interbancário) *rate.*
(3) The amounts shown above include the remeasurement component relating to fair value hedges. They are presented excluding accrued interest.
(4) As part of the safeguard plan, and in accordance with IAS 1, bond issues have been temporarily reclassified to current debt.
(5) In November 2019, the Group made a tender offer for the bond tranches maturing in 2020, 2021 and 2022, which were partially redeemed for €239 million, €253 million and €292 million, respectively.

12.4. Other borrowings and financial liabilities

(€ millions)	Principal[1]	Rate	Issue date	Maturity date	31 December 2019	31 December 2018
Rallye					**2,033**	**1,832**
Bank borrowings[2]	440	Fixed/Variable		[2]	**439**	539
Syndicated loans – credit lines	1,231	Variable		[2]	**1,231**	1,080
Other borrowings[3]	231	Variable		December 2022	**231**	64
NEU CP	59	Fixed		[2]	**59**	92
Accrued interest[8]				[2]	**73**	46
Bank overdrafts[7]				[2]		11
Casino					**2,214**	**2,569**
France					**1,219**	**520**
Term Loan B[5]	1,000	Variable	November 2019	January 2024	**959**	
NEU CP (Casino, Guichard-Perrachon)	129	Fixed	[4]	[4]	**129**	221
Mercialys TRS (Casino, Guichard-Perrachon)	102	Variable	July 2018	December 2020	**102**	198
Other[6]					**29**	100
International					**995**	**2,049**
GPA	436	Variable[9]/ fixed[10]	June 2013 to December 2019	January 2020 to May 2027	**431**	223
Via Varejo TRS (GPA)		Variable	Dec. 2018	Apr. 2019		49
Éxito	70	Variable[9]	June 2017 to December 2019	March 2020 to June 2022	**71**	1,048
Ségisor	196	Variable	June 2018	December 2021	**195**	397
Other						10
Bank overdrafts[7]					**101**	138
Accrued interest[8]					**197**	183
Total bank borrowings					**4,246**	**4,401**
Of which variable rate					***3,685***	*3,355*

(1) Corresponds to the principal amount at the year-end.
(2) As part of the safeguard plan, and in accordance with IAS 1, bond issues have been temporarily reclassified to current debt.
(3) At 31 December 2019, corresponds to structured derivatives transactions. These transactions will be repaid up to 50% at the latest on 30 June 2021, with the balance being reimbursed at the latest on 31 December 2022. These transactions were renegotiated, as described in note 2.
(4) NEU CP is short-term financing generally with a maturity of less than 12 months.
(5) Interest on this loan is based on Euribor with a zero floor, plus a 5.5% spread.
(6) Of which €11 million concerning Cdiscount at 31 December 2019 (31 December 2018: €12 million concerning Cdiscount and €75 million concerning Franprix-Leader Price).
(7) At 31 December 2019, bank overdraft facilities were located in France.
(8) The amount reported for accrued interest is for all borrowings including bonds. At 31 December 2019, accrued interest primarily concerned Casino for €136 million, Rallye for €73 million and GPA for €61 million. At 31 December 2018, accrued interest primarily related to Casino, Guichard-Perrachon for €159 million, Rallye for €46 million and GPA for €19 million.
(9) Variable rate loans are mostly indexed to the CDI for GPA and to the IBR for Éxito.
(10) At 31 December 2019, the Group had no fixed-rate financing (31 December 2018: €8 million)

Confirmed bank credit lines in 2019 and 2018

(€ millions)	Interest rate	Maturity date: Within one year	Maturity date: In more than one year	Authorised	Drawn
Syndicated lines – Casino, Guichard-Perrachon, Casino Finance, Monoprix[1]	Variable[1]		2,220	2,220	
Other confirmed bank credit lines[4]	Variable[3]	389	111	500	54
Total at 31 December 2019		**389**	**2,331**	**2,720**	**54**

(€ millions)	Interest rate	Maturity date: Within one year	Maturity date: In more than one year	Authorised	Drawn
Casino, Guichard-Perrachon syndicated credit lines[1]	Variable[1]		1,855	1,855	
Casino, Guichard-Perrachon bilateral credit lines	Variable[2]	175	265	440	
Other confirmed bank credit lines[4]	Variable[3]	225	911	1,136	27
Total at 31 December 2018		**400**	**3,031**	**3,431**	**27**

(1) At 31 December 2019, syndicated credit lines comprised (i) the revolving credit facility (RCF) for €2,000 million maturing in October 2023 (or in October 2022 if the bond tranche maturing in January 2023 has not been refinanced at that date), bearing interest at Euribor with a zero floor, plus a spread that depends on the amount drawn down and the "loans and borrowings"/EBITDA ratio for the France Retail and E-commerce segments, as well as the Ségisor holding company (no more than 3.50%); (ii) a €198 million line maturing in February 2021 and bearing interest at Euribor plus a spread that depends on the amount drawn down and Casino Group's net debt/EBITDA ratio; and (iii) a USD 25 million line maturing in July 2022 and bearing interest at US Libor plus a spread that depends on Casino Group's net debt/EBITDA ratio.
In 2018, syndicated credit lines comprised a €1,200 million line expiring in February 2021 and a USD 750 million line expiring in July 2022. Interest was based on Euribor (drawdowns in euros) or US Libor (drawdowns in US dollars) for the drawdown period plus a spread that depends on the amount borrowed and Casino Group's net debt/EBITDA ratio.
(2) Following the November 2019 refinancing transactions, Casino, Guichard-Perrachon no longer held any bilateral credit lines at 31 December 2019. Most of these lines were refinanced under the new RCF. In 2018, interest on the bilateral credit lines was based on the Euribor for the drawdown period plus a spread. In some cases, the spread varied depending on the amount borrowed (lines totalling €240 million) and/or the Group's net debt/EBITDA ratio (lines totalling €250 million). For one line, the spread was partially indexed to the Group's Sustainalytics CSR rating.
(3) Interest on the other lines is based on the reference rate (which depends on the borrowing currency) plus a spread. In some cases, the spread varies depending on the subsidiary's net debt/EBITDA ratio and the amount drawn down (lines totalling €111 million).
(4) In 2019, other confirmed bank credit lines concern Monoprix (€111 million), GPA (€199 million) and Éxito (€190 million). In 2018, other confirmed bank credit lines concerned Monoprix (€570 million), GPA (€405 million) and Éxito (€161 million).

12.5. Cost of net debt and other financial income and expenses, net

› Accounting principle

Cost of net debt corresponds to all income and expenses generated by cash and cash equivalents and financing during the period, including gains and losses on disposals of cash equivalents, gains and losses on the effective and ineffective portions of interest rate and currency hedges, interest expense on finance leases, and costs related to the structured trade payables programme.

Other financial income and expenses include the dividends received from non-consolidated companies, the cost of non-recourse factoring and other receivables discounting programmes, changes in fair value of financial assets other than cash and cash equivalents, changes in fair value of derivatives not documented as hedges, gains and losses on the sale of financial assets other than cash and cash equivalents, gains and losses from discounting (including discounting of pension provisions), and foreign exchange translation gains and losses on items other than components of net debt.

Cash discounts are recognised in financial income for the portion corresponding to the normal market interest rate and as a deduction from cost of goods sold for the balance.

› 12.5.1. Cost of net debt

(€ millions)	2019	2018 (restated)
Gains (losses) on disposal of cash equivalents		
Income from cash and cash equivalents	**39**	37
Income from cash and cash equivalents	**39**	**37**
Interest expense on borrowings after hedging[1]	**(515)**	(478)
Cost of gross debt	**(515)**	**(478)**
Cost of net debt	**(476)**	**(441)**
of which Holding scope	***(120)***	*(122)*
of which France Retail	***(161)***	*(141)*
of which Latam Retail	***(184)***	*(169)*
of which E-commerce	***(12)***	*(10)*

(1) In 2019, interest expense on borrowings after hedging include 11 months of cost of debt before the refinancing transactions and one month after the refinancing transactions (note 3).

› 12.5.2. Other financial income and expenses

(€ millions)	2019	2018 (restated)
Investment income	1	
Foreign currency exchange gains (other than on borrowings)	53	34
Discounting and accretion adjustments	1	2
Gains on remeasurement at fair value of non-hedging derivative instruments[1]	106	11
Gains on remeasurement at fair value of financial assets[1]	1	2
Other[2]	106	79
Other financial income	**267**	**128**
Foreign currency exchange losses (other than on borrowings)	(63)	(44)
Discounting and accretion adjustments	(6)	(7)
Interest expense on lease liabilities (note 8.1.2)	(268)	(218)
Losses on remeasurement to fair value of non-hedging derivative instruments[1]	(141)	(59)
Losses on remeasurement at fair value of financial assets[1]	(9)	(3)
Non-recourse factoring and associated transaction costs	(77)	(81)
Impact of applying IAS 29 to operations in Argentina	(10)	(13)
Other	(114)	(83)
Other financial expenses	**(688)**	**(509)**
Total other financial income and expenses	**(421)**	**(382)**

(1) The net loss of €44 million on remeasurement at fair value of non-hedging derivative instruments reported in 2019 mainly reflects (i) fair value adjustments to the GPA TRS (negative adjustment of €6 million) and GPA forward (negative adjustment of €9 million) as well as dividend income (€2 million) and the cost of carry (€13 million) associated with these instruments, and (ii) negative impacts related to other derivative instruments (€7 million).

The net loss of €50 million on remeasurement at fair value of non-hedging derivative instruments reported in 2018 mainly reflects (i) fair value adjustments to the GPA TRS (positive adjustment of €5 million), the Mercialys TRSs set up by Rallye (negative adjustment of €7 million) and the GPA forward (negative adjustment of €17 million) as well as dividend income (€3 million) and the cost of carry (€14 million) associated with these instruments, and (ii) negative impacts related to other derivative instruments (€3 million).

(2) Including €45 million in interest recognised by GPA for PIS & COFINS tax credits in 2019. In 2018: Including BRL 101 million (€23 million) in interest recognised by GPA on the Paes Mendonça receivable.

GPA TRS and forward

The total return swap (TRS) and forward contracts on GPA shares are cash-settled instruments. The documentation states that when the contracts expire, the shares will be sold on the market by the banking counterparties, and if the instruments are unwound, Casino Group receives or pays the difference between the sale proceeds and the amount paid by the counterparties to purchase the shares at the contracts' inception. Casino Group retains the economic benefits of ownership of the shares (exposure to changes in the subsidiaries' share prices and collection of dividends) but does not have legal title to the shares and cannot exercise the related voting rights. Details of the contracts are as follows:

- In December 2011, Casino Group entered into a 2.5-year TRS with a financial institution on 7.9 million GPA American Depositary Receipts (ADRs). The contract's maturity was extended on 23 December 2016 and again on 27 October 2017. The interest rate is currently set at 3-month Euribor plus 199 basis points and the contract expires in June 2020. It will start to be unwound as from 1 April 2020. This TRS is classified as a derivative instrument measured at fair value through profit or loss. At 31 December 2019, it related to 7.8 million ADRs (2.9% of GPA's capital) representing a notional amount of €332 million, and had a negative fair value of €177 million (31 December 2018: 7.8 million ADRs, a notional amount of €332 million and a negative fair value of €172 million).

  This instrument's fair value is determined based on the estimated settlement price on 31 December, using the share price on that date. A 10% increase in the share price would have reduced the loss for the period by €15 million. A 10% decline in the share price would have produced the opposite effect.

- At the end of December 2012, Casino Group entered into a two-year forward contract on 5.8 million GPA shares. On 28 July 2016, the maturity was extended and the notional amount was reduced by USD 105 million (€95 million), resulting in a cash payment made by the Group on the same day. The maturity was extended again in June 2017. The forward concerned 5.8 million shares at 31 December 2018 and was unwound between August and December 2019. A cash payment of €109 million was made in 2019 (versus a negative fair value of €101 million at 31 December 2018).

Mercialys TRS

Rallye unwound the two Mercialys TRSs in the second half of the year, for which the Company recorded a negative fair value adjustment of €1.8 million.

12.6. Fair value of financial instruments

› Accounting principle

Financial assets and liabilities at fair value are classified on the basis of their measurement method (note 12.4.2). This hierarchy consists of three levels:

- 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 reporting date. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or a 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 (in particular investments in private equity funds as well as over-the-counter derivatives) is determined using measurement techniques. These techniques use observable market data wherever possible and make little use of the Group'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.

› 12.6.1. Financial assets and liabilities by category of instrument

Financial assets

The tables below analyse financial assets according to the measurement categories under IFRS 9.

		Breakdown by instrument category			
(€ millions)	Total financial assets	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Hedging instruments	Financial assets at amortised cost
31 DECEMBER 2019					
Other non-current assets[1]	**461**	57	38	62	304
Trade and other receivables	**836**		22		814
Other current assets[1]	**679**		1		678
Other current financial assets	**419**	6		17	396
Cash and cash equivalents	**3,645**	17			3,628

		Breakdown by instrument category			
(€ millions)	Total financial assets	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Hedging instruments	Financial assets at amortised cost
31 December 2018					
Other non-current assets[1]	461	57	38	62	304
Trade and other receivables	836		22		814
Other current assets[1]	679		1		678
Other current financial assets	419	6		17	396
Cash and cash equivalents	3,645	17			3,628

(1) Excluding non-financial assets.

Financial liabilities

(€ millions)	Total financial liabilities	Breakdown by instrument category: Liabilities at amortised cost	NCI puts	Derivative instruments
31 DECEMBER 2019				
Bonds	**8,579**	8,579		
Other borrowings and financial liabilities	**4,263**	4,246		17
Put options granted to owners of non-controlling interests	**166**		166	
Lease liabilities	**4,678**	4,678		
Trade payables	**6,603**	6,603		
Other liabilities[1]	**2,009**	1,774		235
31 December 2018 (restated)				
Bonds	7,861	7,861		
Other borrowings and financial liabilities	4,407	4,401		6
Put options granted to owners of non-controlling interests	188		188	
Lease liabilities	4,385	4,385		
Trade payables	6,782	6,782		
Other liabilities[1]	2,103	1,791		311

(1) Excluding non-financial liabilities.

› 12.6.2. Fair value hierarchy for financial assets and liabilities

The tables below compare the carrying amount and the fair value of consolidated assets and liabilities, other than those whose carrying amount corresponds to a reasonable approximation of fair value such as trade receivables, trade payables, cash and cash equivalents, and bank loans. The fair values of investment property and assets held for sale by Via Varejo are presented in notes 11.4 and 4.5.1, respectively.

31 December 2019 *(€ millions)*	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Financial assets at fair value through profit or loss[1]	**41**	41	1		40
Financial assets at fair value through other comprehensive income[1]	**61**	61	14	22	25
Fair value hedges – assets[2]	**78**	78		78	
Cash flow hedges and net investment hedges – assets[2]	**1**	1		1	
Other derivative instruments – assets	**22**	22	9	6	7
Liabilities					
Bonds[3]	**8,579**	7,465	5,049	2,416	
Other borrowings and financial liabilities[4]	**4,246**	4,170	1,957	2,213	
Lease liabilities	**4,679**	4,679		4,679	
Fair value hedges – liabilities[2]	**17**	17		17	
Cash flow hedges and net investment hedges – liabilities[2]	**41**	41		41	
Other derivative instruments – liabilities	**194**	194		194	
Put options granted to owners of non-controlling interests[5]	**166**	166			166

31 December 2018 *(€ millions)*	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Financial assets at fair value through profit or loss[1]	35	35	1		34
Financial assets at fair value through other comprehensive income[1]	86	86	27	28	32
Fair value hedges – assets[2]	116	116		116	
Cash flow hedges and net investment hedges – assets[2]	8	8		8	
Other derivative instruments – assets	20	20	11		9
Liabilities					
Bonds[3]	7,861	7,710	6,803	907	
Other borrowings and financial liabilities[4]	4,401	4,412		4,412	
Lease liabilities	4,384	4,384		4,384	
Fair value hedges – liabilities[2]	6	6		6	
Cash flow hedges and net investment hedges – liabilities[2]	15	15		15	
Other derivative instruments – liabilities	296	296		296	
Put options granted to owners of non-controlling interests[5]	188	188			188

(1) Financial assets recognised at fair value are generally measured using standard valuation techniques. If their fair value cannot be determined reliably, they are not included in this note.
(2) Derivative financial instruments are valued (internally or externally) on the basis of the widely used valuation techniques for this type of instrument. Valuation models are based on observable market inputs (mainly the yield curve) and counterparty quality. Derivatives held as fair value hedges are almost fully backed by borrowings.
(3) The fair value of bonds is based on the latest quoted price on the reporting date.
(4) The fair value of the Group's other borrowings has been measured using other valuation techniques, such as the discounted cash flow method, at the reporting date.
(5) The fair value of put options granted to owners of non-controlling interests is measured by applying the contract's calculation formulas and is discounted, if necessary. These formulas are considered to be representative of fair value and notably use net income multiples (note 4.4.1).

The accounting treatment of rescheduled debt for the Rallye holding company scope is currently being assessed.

12.7. Financial risk management objectives and policies

The main risks associated with the Group's financial instruments are market risks (currency risk, interest rate, foreign exchange, and equity risks), counterparty risks and liquidity risks.

Financial risk monitoring and management is the responsibility of the Corporate Finance department, which is part of the Group Finance department. This team manages all financial exposures in coordination with the finance departments of the Group's main subsidiaries and reports to Senior Management.

At Casino Group level, financing, short-term investment and financial risk management policies are overseen by the Corporate Finance department in coordination with the subsidiaries' finance departments, using a conservative and pro-active approach particularly with respect to counterparty and liquidity risk management. Major transactions are monitored individually.

The Group Corporate Finance department has issued a guide to financing, investment and hedging best practices which is distributed to subsidiary finance departments. The guide sets out financing methods, selection criteria for banking partners, appropriate hedging products and required authorisation levels.

The French and international business units' cash positions and forecasts are reported weekly and continuously monitored. The Group's other financial risk exposures, such as interest rate risk, currency risk on financial transactions and banking counterparty risk, are measured and analysed in monthly reports to Senior Management that also include action plans for dealing with any material identified risks.

The Group manages its exposure to interest rate risks and foreign currency risks using derivative financial instruments such as interest rate swaps and options (caps, floors, swaptions), currency swaps, forward currency contracts and currency options. These mainly involve over-the-counter instruments contracted with first-class bank counterparties. Most of these derivative instruments qualify for hedge accounting. However, like many other large corporates, the Group may take very small, strictly controlled speculative derivative positions as part of its hedging policy, for more dynamic and flexible management of its interest rate and currency exposures.

› 12.7.1. Breakdown of derivative financial instruments

Derivative financial instruments recognised in the consolidated statement of financial position break down as follows:

(€ millions)	Notes	Interest rate risk	Foreign currency risk	Other market risks	31 December 2019	31 December 2018
Assets						
Derivatives at fair value through profit or loss	12.4.2		6	16	**22**	20
Cash flow hedges	12.4.2		1		**1**	7
Fair value hedges	12.2/12.4.2	69	10		**78**	116
Total derivatives – assets		**69**	**17**	**16**	**101**	**144**
of which non-current	*7.9*	*62*		*16*	***77***	*102*
of which current	*7.8/12.1*	*7*	*17*		***24***	*41*
Liabilities						
Derivatives at fair value through profit or loss	12.4.2	4	4	187	**195**	296
Cash flow hedges	12.4.2	41			**41**	15
Fair value hedges	12.2/12.4.2	11	7		**17**	6
Total derivatives – liabilities		**56**	**11**	**187**	**253**	**317**
of which non-current	*7.10/12.2*	*50*		*10*	***59***	*308*
of which current	*7.10/12.2*	*6*	*10*	*178*	***193***	*9*

At 31 December 2019, derivatives held as fair value hedges (on a notional amount of €4,372 million) had a positive net fair value of €61 million. The total included (i) interest rate hedges in France on a notional amount of €4,160 million with a positive fair value of €55 million, and (ii) currency and interest rate hedges in Brazil on a notional amount of €211 million with a positive fair value of €6 million. All the currency and interest rate derivatives are backed by bank borrowings or bonds denominated either in the same currency or in a currency other than the borrower entity's functional currency. The ineffective portion of these fair value hedges is not material.

At 31 December 2019, the cash flow hedge reserve included in equity had a debit balance of €32 million (31 December 2018: debit balance of €8 million after tax). These derivatives concern operations in France and Colombia. In France, they hedge goods purchases billed in currencies other than the euro (mainly the US dollar). Their notional amount at 31 December 2019 was USD 148 million (€132 million – note 12.5.3). In Colombia, the notional amount hedged by the derivatives is €55 million. France applied cash flow hedge accounting to hedge interest rates on variable rate borrowings for a notional amount of €1,559 million at 31 December 2019. The ineffective portion of these cash flow hedges is not material.

Derivative instruments that do not qualify for hedge accounting under IFRS 9 had a negative fair value of €173 million at 31 December 2019 (31 December 2018: negative fair value of €268 million), mainly including TRSs on GPA shares with a negative fair value of €177 million (31 December 2018: negative fair value of of €272 million) (note 12.3.2).

The fair value calculation at 31 December 2019 takes into account the credit valuation adjustment (CVA) and the debit valuation adjustment (DVA) in accordance with IFRS 13. The impact of these adjustments was not material.

› 12.7.2. Sensitivity to changes in interest rates

The Group's gross debt in France is mainly composed of fixed-rate bonds and the Term Loan B, representing a principal amount of €6,849 million and €1,000 million, respectively, as at 31 December 2019 (note 12.2.3). This bond debt may be hedged through fixed-to-variable rate swaps generally contracted at the issue date; all of these hedges qualify for hedge accounting.

At 31 December 2019, Casino Group had a portfolio of 56 interest rate swaps and options with ten bank counterparties. The instruments expire at various dates between 2020 and 2026.

At 31 December 2019, after hedging, 39% of bond debt was at fixed rates (€2,641 million), 61% was at variable rates (€4,208 million), including 23% at capped or floored variable rates, and 46% was at variable rates (€1,607 million).

(€ millions)	Notes	31 December 2019	31 December 2018
Casino, Guichard-Perrachon variable-rate bonds[1]		2,601	1,814
Casino, Guichard-Perrachon capped variable-rate bonds[1]		607	1,847
Term Loan B		959	
Rallye variable-rate bonds[1]	12.2.3		365
Brazil variable-rate bonds[2]	12.2.3	2,585	921
Other variable-rate borrowings and financial liabilities[3][4][5]	12.2.4	2,717	3,225
Total variable-rate borrowings		**9,469**	**8,172**
Cash and cash equivalents	**12.1.2**	**(3,645)**	**(3,800)**
Net variable-rate position		**5,823**	**4,371**
1-point change in interest rates		**50**	**31**
Cost of net debt	12.3.1	476	442
Impact of change on finance costs		**10.56%**	**7.19%**

(1) Corresponding to fixed-rate bonds and to the Term Loan B, representing a principal amount of €6,849 million (31 December 2018: €6,808 million) (note 12.2.3), including a principal amount of €4,208 million (31 December 2018: €4,026 million) swapped for variable-rate debt, of which €1,607 million includes a capped or floored rate.
(2) Nominal amount.
(3) Excluding accrued interest.
(4) Including borrowings in Brazil originally denominated in BRL, USD or euros for a nominal amount of BRL 1,947 million (€431 million), swapped for variable rate debt in BRL by means of cross-currency swaps where applicable (2018: BRL 974 million, representing €219 million).
(5) Including borrowings in Colombia originally denominated in COP or USD for COP 259 billion (€70 million), swapped for variable rate debt in COP by means of cross-currency swaps where applicable (31 December 2018: COP 1,860 billion, representing €499 million, swapped for variable rate debt).

Assuming the net debt structure and management policy are constant, a 100-bps annual increase (decrease) in rates across the yield curve would lead to a 10.56% or €50 million increase (6.84% or €33 million decrease) in cost of debt. For the purposes of the analysis, all other variables, particularly exchange rates, are assumed to be constant.

› 12.7.3. Foreign currency risk

Due to its geographically diversified business base, the Group is exposed to both currency translation risk and to transaction risk on transactions denominated in currencies other than the euro.

Translation risk (or balance sheet currency risk) is the risk of an unfavourable change in the exchange rates used to translate the financial statements of subsidiaries located outside the euro zone into euros for inclusion in the consolidated financial statements adversely affecting the amounts reported in the consolidated statement of financial position and income statement, leading to a deterioration of the Group's gearing ratios.

Transaction risk is the risk of an unfavourable change in exchange rates that adversely affects a cash flow denominated in foreign currency.

The Group's policy in this respect is to hedge highly probable budget exposures, which mainly involve purchases made in a currency other than its functional currency, such as goods purchased in US dollars hedged by forward contracts. Substantially all budgeted purchases are hedged using instruments with the same maturities as the underlying transactions.

Concerning the exposure of debt to currency risk, all borrowings denominated in a currency other than the borrower's functional currency are fully hedged.

	2019		2018	
Exchange rates against the euro	Closing balance	Average rate	Closing rate	Average rate
Brazilian real (BRL)	4.5157	4.4143	4.4440	4.3096
Colombian peso (COP)	3,692.38	3,672.20	3,726.09	3,487.48
Argentine peso (ARS)[1]	67.2695	67.2695	43.0451	43.0451
Romanian leu (RON)	4.7830	4.7457	4.6635	4.6540
Uruguayan peso (UYP)	41.7621	39.4526	37.1753	36.2481
US dollar (USD)	1.1234	1.1194	1.1450	1.1806
Polish zloty (PLN)	4.2568	4.2971	4.3014	4.2617

(1) In accordance with IAS 29, the financial statements of Libertad have been translated at the year-end exchange rate.

The Group's net exposure based on notional amounts after hedging mainly concerns the US dollar (excluding the functional currencies of entities), as shown below:

(€ millions)	USD	Other	**2019**	2018
Exposed trade receivables	(12)	(11)	**(23)**	(33)
Exposed other financial assets	(75)	(26)	**(101)**	(146)
Exposed derivatives at fair value through profit or loss	271		**271**	272
Exposed trade payables	233	30	**263**	231
Exposed financial liabilities	245		**245**	874
Exposed other financial liabilities	42		**42**	
Gross exposure payable	**704**	**(7)**	**698**	**1,198**
Hedged other financial assets	94		**94**	
Hedged trade payables	82	3	**85**	116
Hedged financial liabilities	229		**229**	872
Other hedged financial liabilities	32		**32**	
Net exposure payable (receivable)	**266**	**(8)**	**258**	**211**
Hedges of future purchases	**132**		**132**	**206**
Put options granted to owners of non-controlling interests[1]	**104**		**104**	**119**

(1) Changes in fair value of put options granted to owners of non-controlling interests (including the effect of movements in exchange rates) have no impact on profit or loss, because the puts are treated as transactions between owners and changes in their fair value are therefore recorded directly in equity (note 4.4.1).

At 31 December 2018, the net statement of financial position exposure of €211 million mainly concerned the US dollar.

Sensitivity of net exposure after currency hedging

A 10% appreciation of the euro at 31 December 2019 and 2018 against the currencies included in the Group's exposure would lead to an increase in income for the amounts indicated in the table below. For the purposes of the analysis, all other variables, particularly interest rates, are assumed to be constant.

(€ millions)	**2019**	2018
US dollar	**25**	24
Other currencies	**(1)**	(3)
TOTAL	**24**	**21**

A 10% depreciation of the euro against those currencies at 31 December 2019 and 2018 would have produced the opposite effect.

Sensitivity to translation risk

A 10% appreciation of the euro compared to the Group's other main currencies would have the following impact on the translation into euros of the income and equity of subsidiaries whose functional currency is not the euro:

	2019		2018 (restated)	
(€ millions)	**Brazilian real**	**Colombian peso**	Brazilian real	Colombian peso
Total income	**(1,124)**	**(291)**	(1,042)	(292)
Recurring operating income	**(39)**	**(14)**	(52)	(13)
Net income	**(10)**	**(1)**	(24)	(1)
Equity	**(466)**	**(167)**	(581)	(72)

A 10% depreciation of the euro against those currencies at 31 December 2019 and 2018 would have produced the opposite effect. For the purposes of the analysis, all other variables, particularly interest rates, are assumed to be constant.

› 12.7.4. Credit risk

Customer credit risk

Group policy consists of checking the financial health of all customers applying for credit payment terms. Customer receivables are monitored regularly; consequently, the Group's exposure to bad debts is not material.

Trade receivables break down as follows by maturity:

(€ millions)	Receivables not yet due	Up to one month past due	Between one and six months past due	More than six months past due	Total past-due trade receivables	Total
31 DECEMBER 2019						
Trade receivables	579	79	120	162	361	940
Allowance for lifetime expected losses	(3)	(11)	(15)	(75)	(101)	(104)
Total, net (note 7.7.1)	**576**	**68**	**105**	**87**	**260**	**836**
31 December 2018 (restated)						
Trade receivables	702	99	83	169	353	1,054
Allowance for lifetime expected losses	(1)	(6)	(30)	(93)	(130)	(131)
Total, net (note 7.7.1)	**701**	**93**	**53**	**76**	**223**	**923**

Credit risk related to other assets

Credit risk on other financial assets – i.e., comprising cash and cash equivalents, equity instruments, loans, legal deposits paid by GPA and certain derivative financial instruments – corresponds to the risk of failure by the counterparty to fulfil its obligations. The maximum risk is limited and equal to the instruments' carrying amount. The Group's cash management policy consists of investing cash and cash equivalents with first-class counterparties and in first-class rated instruments.

› 12.7.5. Liquidity risk

The Group's bank loans and bonds contain the standard commitment and default clauses found in such contracts, in particular, maintaining the loan at the same level (*pari passu*), limiting the securities allocated to other lenders (negative pledge) and cross-default.

Financing of Casino, Guichard-Perrachon

The liquidity risk analysis is performed both for the France Retail segment (taking into account the cash pool operated with most French subsidiaries) and for each of Casino Group's international subsidiaries.

All subsidiaries of the Casino, Guichard-Perrachon holding company scope submit weekly cash reports to Casino Group and all new financing facilities require prior approval from the Corporate Finance department.

At 31 December 2019, the Group's liquidity position comprised:

- confirmed, undrawn lines of credit for a total of €2,666 million (of which a non-current portion of €2,331 million for France);
- available cash totalling €3,572 million (of which €1,793 million in available cash and €193 million held in escrow in France).

Casino, Guichard-Perrachon had the following financing facilities at 31 December 2019:

- unsecured bonds for €3,879 million;
- secured high-yield bonds for €800 million;
- Term Loan B for €1,000 million.

Casino, Guichard-Perrachon also raises funds through NEU CP issues, under which €129 million was outstanding at 31 December 2019. These issues are made under a programme capped at €2,000 million, with the availability of funds depending on market conditions and investor interest.

The main liquidity risk management methods consist in:

- diversifying sources of financing to include capital markets, private placements, banks (confirmed and unconfirmed facilities), NEU CP issues and discounting facilities;
- diversifying financing currencies to include the euro, the Group's other functional currencies and the US dollar;
- maintaining a level of confirmed financing facilities significantly in excess of the Group's payment obligations at all times;
- limiting the amount of annual repayments and proactively managing the repayment schedule;
- managing the average maturity of financing facilities and, where appropriate, refinancing them before they fall due.

Management of Casino, Guichard-Perrachon's short-term debt

Access to the NEU CP market is subject to market conditions and investor interest for Casino debt. Market access has been limited since May 2019 amid heightened volatility (Rallye safeguard proceedings, downgrade in Casino Group's credit rating by S&P and Moody's, and general market volatility). Outstanding commercial paper issues represented €129 million at 31 December 2019 versus €221 million at 31 December 2018. In addition, Casino Group carries out non-recourse receivables discounting without continuing involvement, within the meaning of IFRS 7, as well as reverse factoring.

At 31 December 2019, trade payables totalling €1,594 million (including €445 million in France Retail payables, €1,092 million in Latam Retail payables and €57 million in E-commerce payables) had been reverse factored, versus €1,892 million at 31 December 2018 (€704 million, €971 million, and €157 million, respectively).

Management of Casino, Guichard-Perrachon's medium- and long-term debt

To manage its medium- and long-term liquidity, Casino Group prepared for the February 2021 maturity of its euro-denominated RCF and in September 2019 refinanced all of its confirmed credit facilities via a new €2 billion confirmed credit line maturing in October 2023 (or in October 2022 if the bond tranche maturing in January 2023 has not been refinanced at that date). This new credit line was subscribed by 21 French and international banks. The refinancing transactions extended the average maturity of the Group's confirmed credit facilities by two years, from 1.6 years at 31 December 2018 to 3.6 years at end-2019.

Casino Group also proved its ability to raise funds on the capital and private placement markets in two transactions carried out in November 2019 in the form of a €1 billion secured term loan and an €800 million secured bond issue. These two instruments fall due in January 2024 and were heavily oversubscribed. They enable the Group to finance the tender offer on the bonds maturing in 2020, 2021 and 2022 for a nominal amount of €784 million and to repay the drawn credit lines to date for a total amount of €630 million. The average maturity of Casino Group's debt increased to 3.8 years from 3.3 years previously.

The terms applicable to the new facilities reflect the downgrade of Casino Group's credit ratings by Moody's (B2/negative outlook) and S&P's (B/negative outlook) following the introduction of safeguard proceedings for Rallye and its parent companies. The table below shows Moody's and Standard & Poor's ratings for the Group's financial instruments following its refinancing:

Financial instrument rating	Moody's	Standard & Poor's
Casino, Guichard-Perrachon	B2/negative outlook (23 October 2019)	B/negative outlook (28 May 2019)
Secured high-yield bonds	B1/negative outlook (19 November 2019)	B+/negative outlook (22 October 2019)
Term Loan B	B1/negative outlook (19 November 2019)	B+/negative outlook (22 October 2019)
Bonds issued under Casino, Guichard-Perrachon's EMTN programme	B3/negative outlook (23 October 2019)	B+/negative outlook (28 May 2019)
Deeply-subordinated perpetual bonds (TSSDI)	Caa1/negative outlook (23 October 2019)	CCC (28 May 2019)

The high-yield bond issue by Quatrim is secured by shares in L'Immobilière Groupe Casino, a wholly-owned subsidiary of Quatrim which holds property assets (excluding Monoprix and Franprix-Leader Price property assets and certain assets disposed of/pending disposal).

For its new revolving credit facility (RCF) and Term Loan B, Casino has granted security rights over shares, the principal bank accounts and intragroup receivables of its main operating subsidiaries and holding companies in France holding shares in Casino Group's Latin American operations.

The revolving credit facility is also subject to maintenance covenants tested quarterly as from 31 March 2020.

No security interests or collateral have been granted in respect of Casino, Guichard-Perrachon's other borrowings or the borrowings of its main subsidiaries (GPA, Éxito and Monoprix), except for loans obtained by GPA from BNDES, which totalled €6 million at 31 December 2019.

Casino, Guichard-Perrachon debt covenants

a. Covenants at 31 December 2019

At the reporting date, Casino, Guichard-Perrachon's debt was subject to the following hard covenants to be met at each year-end:

Type of covenant	Main types of debt subject to covenant	Frequency of tests	Ratio at 31 December 2019
Consolidated net debt[1]/ consolidated EBITDA[3] < 3.5	€198 million syndicated credit line	Annually	**3.29x**
Consolidated net debt[2]/ consolidated EBITDA[3] < 3.5	USD 25 million syndicated credit line		**2.33x**

(1) Net debt as defined in the loan agreements may differ from net debt presented in the consolidated financial statements (note 12.2). It corresponds to borrowings and financial liabilities including hedging instruments with a negative fair value, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and short-term financial investments, (iii) derivatives with a positive fair value classified as hedges of debt and (iv) financial assets arising from a significant disposal of non-current assets.

(2) For these facilities, the definition of net debt includes the net assets held for sale attributable to owners of the parent.

(3) EBITDA (earnings before interest, taxes, depreciation and amortisation) excluding the impacts of applying IFRS 16 corresponds to trading profit/loss plus recurring net depreciation and amortisation expense.

These covenants were respected at 31 December 2019.

b. Additional covenants as from 31 March 2020

Starting 31 March 2020, Casino, Guichard-Perrachon's France Retail and E-commerce segments will be required to comply with the covenants set out below, calculated each quarter on a rolling 12-month basis (not tested at 31 December 2019):

Type of covenant (France and E-commerce)	Main types of debt subject to covenant	Frequency of tests
Debt[1]/consolidated EBITDA[3]: < 7.75[3] EBITDA[2]/net finance costs: > 2.25	RCF for €2,000 million	Quarterly

(1) Debt as defined in the loan agreements reflects loans and borrowings for the France Retail and E-commerce segments as presented in note 12.2.1, and certain GPA holding companies reported in the Latam segment (notably Ségisor).
(2) EBITDA as defined in the loan agreements reflects trading profit/loss for the France Retail and E-commerce segments, adjusted for (i) net depreciation, amortisation and provision expense, (ii) repayments of lease liabilities, and (iii) interest expense on lease liabilities.
(3) 7.75x at 31 March 2020, 7.50x at 30 June 2020, 7.25x at 30 September 2020, 5.75x at 31 December 2020, 6.50x at 31 March 2021, 6.00x at 30 June 2021 and 30 September 2021, and 4.75x as from 31 December 2021.

Casino, Guichard-Perrachon's bonds and NEU CP issues are not subject to any financial covenants.

c. Other clauses and restrictions

Documentation for the RCF, Term Loan B and high-yield bond issue put in place as part of the refinancing in late 2019 include the usual restrictions for high-yield borrowings applicable to Casino Group as a whole (excluding the Latam segment and companies less than 50%-owned, but including certain holding companies reported in the Latam segment, notably Ségisor). These restrictions concern Casino, Guichard-Perrachon dividend payments, sales of assets as defined in the documentation, additional borrowings, and additional security interests and collateral.

The Term Loan B and high-yield bond also include incurrence covenants which only apply upon the occurrence of certain specific events or to enable certain transactions to proceed, in particular:

- an incurrence covenant will apply in the event special dividends are paid in addition to ordinary dividends[1], as follows: gross debt/EBITDA (France Retail + E-commerce): < 3.5x;
- secured debt leverage covenants or a fixed charge coverage ratio (FCCR) as defined in the documentation may be applied on an independent or additional basis, depending on the transactions planned:
  - FCCR: EBITDA[2]/Fixed charges[2]: > 2,
  - Secured debt leverage: Consolidated leverage[2]/EBITDA[2]: < 2;

Casino Group's loan and bond agreements include the usual *pari passu*, negative pledge and cross default clauses.

Most loan documentation concerning the debt remaining after Casino's November 2019 refinancing transactions contains change-of-control clauses, defined as the acquisition of control over Casino by a third party other than Rallye and its affiliates. Activation of the change-of-control clauses would trigger the early redemption of loans or the cancellation of confirmed credit lines at the individual discretion of the lenders.

Change-of-control clauses are included in all of Casino's bond financing documentation relating to the debt remaining after its November 2019 refinancing transactions, except in the documentation for the €600 million in deeply-subordinated perpetual bonds (TSSDI) issued in 2005. Change of control is established when two criteria are met:

- a third party, other than Rallye and its affiliates, acting alone or in concert, acquires shares conferring more than 50% of Casino's voting rights; and
- this change of control directly triggers a downgrade of Casino's long-term credit rating (by at least one notch in the event that Casino's rating is not investment grade).

The impact on the Group's bond issues are as follows:

- for bonds issued under the EMTN programme, representing a cumulative nominal amount of €3,879 million at 31 December 2019, each bond investor would be entitled to request from Casino the early redemption of all its bonds at par, at its individual discretion;
- for €750 million worth of TSSDI issued in 2013, the interest would be raised by an additional spread of 5% per annum and Casino would be entitled to buy back all of the bonds at par.

The documentation for the refinancing transactions also includes change-of-control clauses for three entities:

- Casino, Guichard-Perrachon (RCF/Term Loan B/Quatrim high-yield borrowings): an entity other than Rallye or one of its affiliated entities holds more than 50% of Casino's share capital or if substantially all of the Group's assets are sold/transferred;
- Casino Finance (RCF): a third party (other than Rallye or its affiliates) takes control of Casino Finance;
- Monoprix (RCF): Monoprix is no longer controlled by Casino and/or its subsidiaries or if the percentage of ownership interest or voting rights held (by Casino and/or its subsidiaries) is lower than 40%.

A change of control would offer the lenders the possibility of cancelling their commitments at their individual discretion (limited to one-third of the nominal amount of the RCF in the event of a change of control of Monoprix). In the case of the high-yield bond issue, Quatrim, the wholly-owned subsidiary of Casino, Guichard-Perrachon that issued the bonds, would launch a tender offer (at a specified price) in which investors could participate.

(1) 50% of net profit attributable to owners of the parent, with a minimum of €100 million per year from 2021 and an additional €100 million that may be used for one or several distributions during the life of the debt.
(2) As defined in the loan agreements.

Subsidiaries' debt subject to covenants

Most of Casino Group's other loan agreements – primarily concerning GPA, Monoprix and Ségisor – contain hard covenants (see table below).

Subsidiaries	Type of covenant	Frequency of tests	Main types of debt subject to covenant
Monoprix[4]	Net debt/EBITDA < 2.5	Annually	€111 million syndicated credit line
GPA[1]	Net debt[2] must not be more than equity[3]	Quarterly/ half-yearly/annually	All bond issues and certain bank borrowings
	Consolidated net debt/EBITDA < 3.25		
Ségisor[5]	Net debt/value of GPA shares < 50%	Quarterly	Bank loans totalling €196 million (note 12.2.4)

(1) All of GPA's covenants are based on consolidated indicators for the GPA sub-group.
(2) Debt less cash, cash equivalents and receivables.
(3) Consolidated equity (attributable to owners of the parent and non-controlling interests).
(4) Monoprix's covenant is based on its consolidated financial statements.
(5) Ségisor's covenant is based on its parent company financial statements.

These covenants were respected at 31 December 2019.

› 12.7.6. Group liquidity position

The table below presents an analysis by maturity of financial liabilities at 31 December 2019, including principal and interest and for undiscounted amounts.

For Rallye and the entities within the holding company scope, the repayment schedule for financial liabilities and the finance costs set out include:

- the effects of the safeguard plan as described in note 2, as well as the payment of interest based on the same repayment profile as the debt to which they relate;
- derivatives transactions may be repaid through drawdowns on a credit facility, which is backed by a fiduciary trust agreement. The characteristics of this facility are described in note 2.

For derivative financial instruments, the table has been drawn up based on the contractual net cash inflows and outflows on instruments that settle on a net basis and the gross inflows and outflows on those instruments that require gross settlement. For interest rate instruments, when the amount payable or receivable is not fixed, the amount presented has been determined by reference to observed yield curves at the reporting date.

For the TRSs and forward instruments described in note 12.3.2, the cash flows presented in the table below reflect the interest payable and the fair values of instruments' at the reporting date.

Schedule of financial liability cash flows at 31 December 2019

(€ millions)	Carrying amount	**Contractual cash flows**	Due within one year	Due in one to two years	Due in two to three years	Due in three to five years	Due in more than five years
Financial liabilities							
Bonds and other borrowings	12,825	**15,493**	2,107	2,178	1,559	6,802	2,847
Put options granted to owners of non-controlling interests	166	**174**	108		28	38	
Lease liabilities	4,678	**6,324**	1,015	906	856	1,452	2,095
Trade payables and other financial liabilities	8,373	**8,373**	8,335	4		1	33
Total	**26,043**	**30,364**	**11,565**	**3,088**	**2,443**	**8,293**	**4,975**
Derivative financial instruments							
Cash inflows		***299***	*297*	*1*	*1*		
Cash outflows		***(521)***	*(519)*	*(1)*	*(1)*		
Derivative contracts – net settled		***14***	*8*	*4*	*2*		
Total	**(152)**	**(208)**	**(214)**	**4**	**2**		

The schedule of financial liability cash flows for the Rallye holding company scope chiefly corresponds to the repayment schedule under the safeguard plan presented in note 2, plus interest and the repayment of derivatives.

› 12.7.7. Equity risk

With regard to cash management, the Group invests only in money market instruments that are not exposed to equity risk.

Consolidated shareholdings

The Group may use derivative instruments (e.g., total return swaps, forward contracts and calls) on equities to build a synthetic exposure to the shares of its listed subsidiaries (note 12.4.2) or a synthetic hedge of a financial exposure to a fall in stock prices. The carrying amount of these instruments corresponds to their estimated value as provided by a financial institution on the reporting date. The values take account of market data such as exchange rates, share prices and interest rates.

In addition, the Group does not hold any options or any derivatives backing its own shares. With regard to cash management, the Group invests only in money market instruments that are not exposed to equity risk.

Note 13

Equity and earnings per share

› Accounting principle

Equity is attributable to two categories of owner: the owners of the parent (Rallye shareholders) and the owners of the non-controlling interests in its subsidiaries. A non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent.

Purchase or sale transactions with owners of non-controlling interests resulting in a change in the parent company's percentage interest without loss of control only affect shareholders' equity because there is no change of control within the economic unit. Cash flows arising from changes in ownership interests in a fully consolidated subsidiary 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 subsidiary, the Group recognises the difference between the acquisition cost and the carrying amount of the non-controlling interests as a change in shareholders' equity attributable to the shareholders of the parent company. Transaction costs are also recognised in equity. The same treatment applies to transaction costs relating to disposals without loss of control.

Where a disposal of a majority interest results in a loss of control, the Group records the disposal of all of the securities held. The gain or loss from disposal is recognised in "Other operating income and expenses". If it is a partial disposal, the retained portion is therefore remeasured. Cash flows arising from the acquisition or loss of control of a subsidiary are classified as cash flows from investing activities.

› Equity instruments and hybrid instruments

The classification of instruments issued by the Group in equity or debt depends on each instrument's specific characteristics. An instrument is deemed to be an equity instrument when the following two conditions are met:

- the instrument does not contain a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; and
- in the case of a contract that will or may be settled in the entity's own equity instruments, it is either a non-derivative that does not include a contractual obligation to deliver a variable number of the entity's own equity instruments, or it is a derivative that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Group also examines the special provisions of contracts to ensure the absence of an indirect obligation to buy back the equity instruments in cash or by delivering another financial asset or by delivering shares with a value substantially higher than the amount of cash or the other financial asset to be delivered.

In particular, instruments that are redeemable at the Group's discretion and for which the remuneration depends on the payment of a dividend are classified in equity.

When a "debt" component exists, it is measured separately and classified under "financial liabilities".

› Equity transaction costs

External and qualifying internal costs directly attributable to equity transactions or transactions involving equity instruments are recorded as a deduction from equity, net of tax. All other transaction costs are recognised as an expense.

› Treasury shares

Treasury shares are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity with the result that any disposal gains or losses, net of the related tax effect, have no impact on profit or loss for the period.

› Options on treasury shares

Options on treasury shares are treated as derivative instruments, equity instruments or financial liabilities depending on their characteristics.

Options classified as derivatives are measured at fair value through profit or loss. Options classified as equity instruments are recorded in equity at their initial amount and changes in value are not recognised. The accounting treatment of financial liabilities is described in note 12.

13.1. Capital management

The Group's policy is to maintain a strong capital base in order to preserve the confidence of investors, creditors and the markets while ensuring the financial flexibility required to support the Group's future business development.

Rallye signed a new liquidity agreement with Rothschild Martin Maurel, which came into effect on 1 January 2019 and replaced the previous agreement dated 10 June 2005. The new agreement takes into account the changes in regulations governing such agreements, and complies with AMF decision 2018-01 dated 2 July 2018. On 24 May 2019, Rallye announced that it had terminated this liquidity agreement.

In addition, under a share buyback programme approved by the Annual Shareholders' Meeting, Rallye is authorised to purchase Company shares in order to cover stock option plans for new or existing shares, allocate free shares to employees and Directors, promote market liquidity for the Company's shares, keep them for subsequent delivery in payment or exchange in possible merger and acquisition transactions, and cancel them up to a maximum number not to exceed 10% of share capital.

13.2. Share capital

Share capital consisted of 52,181,769 shares representing a par value of €157 million.

Under the shareholder authorisations given to the Board of Directors, the share capital may be increased, immediately or in the future, other than by capitalisation of reserves, retained earnings or additional paid-in capital, by up to €66 million.

13.3. Securities with entitlement to new shares

The Group has awarded shares to its employees under the free share plans described in note 9.3.2.

13.4. Treasury shares

Treasury shares result from shareholder-approved buybacks of Rallye shares. At 31 December 2018, a total of 309,572 shares were held in treasury, representing €3 million. These shares have since been cancelled. At 31 December 2019, Rallye no longer held any shares in treasury.

13.5 Deeply-subordinated perpetual bonds (TSSDI)

At the beginning of 2005, Casino Group issued 600,000 deeply-subordinated perpetual bonds (TSSDI) for a total amount of €600 million. The bonds are redeemable solely at Casino Group's discretion and interest payments are due only if Casino Group pays a dividend on its ordinary shares in the preceding 12 months.

The bonds pay interest at the 10-year constant maturity swap rate plus 100 basis points, capped at 9%. In 2019, the average coupon was 1.65% (2018: 1.93%).

On 18 October 2013, Casino Group issued €750 million worth of perpetual hybrid bonds (7,500 bonds) on the market. The bonds are redeemable at Casino Group's discretion with the first call date set for 31 January 2019 (not exercised) and the second on 31 January 2024. The bonds paid interest at 4.87% until 31 January 2019. Since then, as specified in the prospectus, the interest rate has been reset at 3.992%. This rate will be reset every five years.

Given their specific characteristics in terms of maturity and remuneration, these bonds are carried in equity for the amount of €1,350 million. Issuance costs net of tax have been recorded as a deduction from equity.

For the Rallye Group, interest on these bonds is charged to net income, Group share up to the percentage of Casino owned by Rallye.

13.6. Breakdown of other reserves

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves (note 13.7.1)	Actuarial gains and losses	Equity instruments[1]	Debt instruments[1]	Total other Group reserves
At 1 January 2018	**(11)**	**(3)**	**(1,023)**	**(51)**	**(55)**	**(3)**	**(1,143)**
Effects of applying IFRS 16							
At 1 January 2018 (restated)	**(11)**	**(3)**	**(1,023)**	**(51)**	**(55)**	**(3)**	**(1,143)**
Movements for the year	7	(1)	(196)	(6)	(2)		(200)
At 31 December 2018 (restated)	**(3)**	**(4)**	**(1,219)**	**(56)**	**(57)**	**(3)**	**(1,343)**
Movements for the year	(13)	(2)	(40)	(6)	1	3	(58)
At 31 December 2019	**(17)**	**(6)**	**(1,259)**	**(62)**	**(56)**	**(1)**	**(1,401)**

(1) Financial instruments at fair value through other comprehensive income.

13.7. Other information on additional paid-in capital, retained earnings and reserves

› 13.7.1. Foreign currency translation reserves

	Attributable to owners of the parent			Attributable to non-controlling interests			
(€ millions)	1 January 2019	Movements for the year 2019	31 December 2019	1 January 2019	Movements for the year 2019	31 December 2019	2019 total
Brazil	(963)	(15)	(978)	(3,783)	(57)	(3,840)	(4,818)
Argentina	(91)	(19)	(110)	(99)	(38)	(137)	(247)
Colombia	(154)	6	(148)	(495)	62	(433)	(581)
Uruguay	(18)	(19)	(36)	(62)	(34)	(97)	(133)
United States	8		9	11		10	19
Poland	7	1	8	7		7	15
Indian Ocean	(5)		(5)	(7)		(7)	(12)
Hong Kong	1		1				(1)
Total foreign currency translation reserves	**(1,215)**	**(46)**	**(1,259)**	**(4,429)**	**(67)**	**(4,496)**	**(5,758)**

	Attributable to owners of the parent			Attributable to non-controlling interests			
(€ millions)	1 January 2018	Movements for the year 2018	31 December 2018	1 January 2018	Movements for the year 2018	31 December 2018	2018 total restated
Brazil	(802)	(160)	(963)	(3,259)	(524)	(3,783)	(4,746)
Argentina	(80)	(11)	(91)	(89)	(10)	(99)	(190)
Colombia	(144)	(10)	(154)	(458)	(37)	(495)	(649)
Uruguay	(9)	(9)	(18)	(39)	(23)	(62)	(80)
United States	7	1	8	10		11	19
Poland	9	(1)	7	8	(2)	7	14
Indian Ocean	(4)	(1)	(5)	(7)	(0)	(7)	(12)
Hong Kong			1				(1)
Total foreign currency translation reserves	**(1,024)**	**(190)**	**(1,215)**	**(3,833)**	**(596)**	**(4,429)**	**(5,645)**

› 13.7.2. Note to the consolidated statement of comprehensive income

(€ millions)	2019	2018 (restated)
Cash flow hedges and cash flow hedge reserve[1]	**(19)**	**15**
Change in fair value during the year	**(26)**	15
Reclassifications to profit or loss		7
Income tax (expense) benefit	**7**	(7)
Net investment hedges in foreign operations		**(1)**
Change in fair value during the year		(1)
Reclassifications to profit or loss		
Income tax (expense) benefit		
Foreign currency translation reserves (note 13.7.1)	**(110)**	**(795)**
Adjustments for the year	**(124)**	(862)
Reclassifications to profit or loss	**14**	67
Income tax (expense) benefit		
Debt instruments and other instruments at fair value	**7**	**(0)**
Adjustments for the year	**8**	
Reclassifications to profit or loss		
Income tax (expense) benefit	**(1)**	
Actuarial gains and losses	**(13)**	**(9)**
Adjustments for the year	**(19)**	(14)
Income tax (expense) benefit	**6**	5
Equity instruments at fair value through other comprehensive income	**(11)**	**(11)**
Adjustments for the year	**(11)**	(11)
Income tax (expense) benefit		
Share of other comprehensive income (loss) of equity-accounted investees	**(5)**	**(11)**
Available-for-sale financial assets – change in fair value		
Cash flow hedges – net change in fair value	**(3)**	(2)
Cash flow hedges – reclassifications to profit or loss		(1)
Foreign currency translation reserve – adjustments for the year	**(1)**	(8)
Foreign currency translation reserve – reclassification to profit or loss		
Equity instruments at fair value through other comprehensive income – change in fair value	**(1)**	(2)
Actuarial gains and losses – net gain or loss for the year		
Income tax (expense) benefit		1
Total	**(151)**	**(792)**

(1) The change in the cash flow hedge reserve in 2019 and 2018 was not material.

13.8. Material non-controlling interests

(€ millions)	GPA Total GPA[1]	GPA o/w Via Varejo	Éxito[1]	Casino[5]	Other[2]	Total
Country	Brazil	Brazil	Colombia	France		
1 January 2018 (restated)	**4,182**	**1,222**	**1,149**	**4,318**	**46**	**9,695**
% ownership interests held by non-controlling interests[3]	66.9%	85.7%	44.7%	48.9%		
% voting rights held by non-controlling interests[3]	0.06%	37.50%	44.7%	36.8%		
Net income (loss)	214	(9)	35	(31)	(5)	**213**
Other comprehensive income (loss)[4]	(423)	60	(29)	(153)	(4)	**(609)**
Sub-total	**(209)**	**51**	**6**	**(184)**	**(9)**	**(401)**
Dividends paid/payable	(46)	(2)	(24)	(161)	(33)	**(264)**
Other movements	7	1	93	(143)	48	**5**
31 December 2018 (restated)	**3,934**	**1,272**	**1,224**	**3,830**	**52**	**9,040**
% ownership interests held by non-controlling interests[3]	66.9%	85.7%	44.7%	48.9%		
% voting rights held by non-controlling interests[3]	0.06%	60.60%	44.7%	36.5%		
Net income (loss)	88	(20)	32	(651)	(11)	**(542)**
Other comprehensive income (loss)[4]	(56)	(104)	8	(46)	0	**(94)**
Sub-total	**32**	**(124)**	**40**	**(697)**	**(11)**	**(634)**
Dividends paid/payable	(39)		(34)	(80)	(19)	**(172)**
Other movements	(2,226)	(1,148)	525	(73)	47	**(1,727)**
31 December 2019	**1,701**	**0**	**1,755**	**2,980**	**69**	**6,505**
% ownership interests held by non-controlling interests[3]	58.7%		60.2%	47.3%		
% voting rights held by non-controlling interests[3]	0.06%		[6]	38.1%		
Average % ownership held by Casino Group	34.4%		52.7%			
% ownership interests held by Casino Group at 31 December	41.3%		39.8%			

(1) GPA excluding Éxito in 2018.
(2) Éxito excluding GPA, including Uruguay and Argentina. GPA has had control of Éxito since November 2019.
(3) The percentages of non-controlling interests set out in this table cover the scope of Casino Group and do not include the Group's own non-controlling interests in sub-groups.
(4) Other comprehensive income (loss) consists mainly of exchange differences arising on translation of foreign subsidiaries' financial statements.
(5) Including holders of deeply-subordinated perpetual bonds (TSSDI) for €1,350 million (note 13.5).
(6) GPA holds 97% of Éxito's share capital. Éxito remains the majority shareholder of the Group's subsidiaries in Argentina (mainly Libertad with a 100% interest) and Uruguay (mainly Disco and Devoto in which it holds 62.5% and 100%, respectively, of the economic rights).

At the General Shareholders' Meeting on 30 December 2019, GPA's shareholders approved the migration of the company's shares to Brazil's Novo Mercado B3 listing segment. Accordingly, all preferred shares were converted into ordinary shares at an exchange ratio of 1:1, and the migration/conversion was completed at the beginning of March 2020. These transactions marked the final steps in the Group's efforts to simplify its structure in Latin America (note 3).

At 31 December 2019, Casino Group held 99.9% of GPA's voting rights and 41.3% of its capital. On 2 March 2020, GPA's share capital comprised a single class of shares, of which Casino Group held 41.2%.

› Summarised financial information on the main subsidiaries with significant non-controlling interests

The information presented in the table below is based on the IFRS financial statements, as adjusted, where applicable, to reflect the remeasurement at fair value on the date of acquisition or loss of control, and to align accounting policies with those applied by the Group. The amounts are shown before intragroup eliminations.

	Casino Group		GPA		Éxito[1]	
(€ millions)	**2019**	2018 (restated)	**2019**	2018 (restated)	**2019**	2018 (restated)
Country	France		Brazil		Colombia	
Net sales	**34,645**	34,329	**12,290**	11,416	**4,053**	4,153
Net income (loss) from continuing operations	**(268)**	159	**130**	272	**21**	41
Net income (loss) from discontinued operations	**(1,054)**	(32)	**9**	31	**(4)**	-
Net income (loss)	**(1,322)**	**127**	**138**	**304**	**17**	**41**
Attributable to non-controlling interests in continuing operations[2]	***(40)***	*215*	***83***	*182*	***34***	*35*
Attributable to non-controlling interests in discontinued operations[2]	***(502)***	*(2)*	***5***	*32*	***(2)***	-
Other comprehensive income (loss)	**(142)**	(788)	**(77)**	(604)	**12**	-
Total comprehensive income (loss) for the year	**(1,464)**	**(661)**	**61**	**(301)**	**30**	**42**
Attributable to non-controlling interests[2]	***(636)***	*(396)*	***33***	*(209)*	***39***	*6*
Non-current assets	**22,524**	24,197	**7,896**	7,600	**4,884**	3,987
Current assets	**12,320**	18,450	**2,986**	9,539	**1,462**	1,328
Non-current liabilities	**(13,661)**	(12,384)	**(4,281)**	(2,667)	**(1,819)**	(1,547)
Current liabilities	**(12,892)**	(18,554)	**(3,541)**	(8,608)	**(584)**	(1,757)
Net assets	**8,291**	**11,709**	**3,060**	**5,863**	**3,943**	**2,012**
Attributable to non-controlling interests[2]	***6,505***	*9,040*	***1,702***	*3,934*	***1,755***	*1,224*
Net cash from operating activities	**1,120**	2,601	**36**	1,198	**531**	275
Net cash from (used in) investing activities	**(32)**	(99)	**(10)**	(423)	**(126)**	(158)
Net cash from (used in) financing activities	**(2,088)**	(1,796)	**404**	(607)	**(1,209)**	199
Effect of changes in exchange rates on cash and cash equivalents[3]	**16**	(329)	**(1,141)**	(202)	**901**	(228)
Change in cash and cash equivalents	**(984)**	**377**	**(711)**	**(34)**	**97**	**88**
Dividends paid to the Group[4]	**88**	177	**20**	33	**20**	14
Dividends paid to owners of non-controlling interests during the year[4]	***173***	*264*	***31***	*51*	***34***	*24*

(1) Including Uruguay and Argentina. Excluding Brazil.
(2) GPA and Éxito non-controlling interests are calculated at the level of Casino, Guichard-Perrachon.
(3) In 2019, this item mainly reflected the simplification of Casino Group's structure in Latin America (note 3) and more specifically GPA's acquisition of the shares held by Casino in Éxito and Éxito's sale of Ségisor shares to Casino.
(4) GPA and Éxito have an obligation to pay out 25% and 50% respectively of annual net profit in dividends.

13.9. Dividends

At the Annual Shareholders' Meeting of 15 May 2019, the shareholders approved the payment of a dividend of €1 per share for the 2018 financial year. In 2019, Rallye received €88 million in dividends from Casino, Guichard-Perrachon. At its meeting on 26 March 2020, the Board of Directors decided not to pay a dividend for the 2019 financial year.

The coupons payable on Casino deeply-subordinated perpetual bonds (TSSDI) are as follows:

(€ millions)	**31 December 2019**	31 December 2018
Coupons payable on deeply-subordinated perpetual bonds (TSSDI)	**37**	**48**
Of which amount paid during the year	37	36
Of which amount payable in the following year	3	12
Adjustments	(2)	
Impact on the statement of cash flows	**46**	**48**
Of which coupons awarded and paid during the year	37	36
Of which coupons awarded in the prior year and paid during the reporting year	10	12

13.10. Earnings per share

› Accounting principle

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the period, excluding shares issued as dividends and treasury shares.

Diluted earnings per share are calculated as follows:

- numerator: earnings for the period, as adjusted for the dilutive effects on earnings of subsidiaries and the impact on interest of convertible bonds;
- denominator (treasury stock method): basic number of shares, plus the potential shares corresponding to dilutive instruments (equity warrants, stock options and free shares), less the number of shares that could be bought back at market price with the proceeds from the exercise of the dilutive instruments. The market price used for the calculation corresponds to the average share price for the year.

Equity instruments giving access to capital ("Securities with entitlement to new shares") are only included in the above calculation when their settlement would have a dilutive impact on earnings per share.

› 13.10.1. Number of shares

	31 December 2019	31 December 2018
Weighted average number of shares	52,496,931	54,105,144
Weighted average number of treasury shares	(3,754)	(906,750)
Weighted average number of shares before dilution	**52,493,177**	**53,198,394**
Free share plans	346,959	136,209
Total potential dilutive shares	**346,959**	**136,209**
Weighted average number of shares after dilution	**52,840,136**	**53,334,603**

› 13.10.2. Income attributable to ordinary shares

(€ millions)	2019	2018 (restated)
Net income (loss) attributable to owners of the parent	**(962)**	**(256)**
Diluted net income (loss) attributable to owners of the parent	**(962)**	**(256)**
Net income (loss) from discontinued operations (note 4.5.2)	(548)	(35)
Diluted net income (loss) from continuing operations	**(413)**	**(221)**

› 13.10.3. Earnings per share

Consolidated earnings per share attributable to owners of the parent:

	2019	2018 (restated)
Net income (loss) attributable to owners of the parent *(€ millions)*	(962)	(256)
Weighted average number of shares for the year	52,493,177	53,198,394
Per share *(€)*	**(18.32)**	**(4.81)**
Diluted net income (loss) attributable to owners of the parent *(€ millions)*	(962)	(256)
Weighted average number of shares for the year after dilution	52,840,136	53,334,603
Per share – diluted *(€)*	**(18.32)**	**(4.81)**

Net income from continuing operations attributable to owners of the parent:

	2019	2018 (restated)
Net income (loss) from continuing operations attributable to owners of the parent *(€ millions)*	(413)	(221)
Weighted average number of shares for the year	52,493,177	53,198,394
Per share *(€)*	**(7.88)**	**(4.15)**
Diluted net income (loss) from continuing operations attributable to owners of the parent *(€ millions)*	(413)	(221)
Weighted average number of shares for the year after dilution	52,840,136	53,334,603
Per share – diluted *(€)*	**(7.88)**	**(4.15)**

Net income from discontinued operations attributable to owners of the parent:

	2019	2018 (restated)
Net income (loss) from discontinued operations attributable to owners of the parent *(€ millions)*	**(548)**	(35)
Weighted average number of shares for the year	**52,493,177**	53,198,394
Per share *(€)*	**(10.44)**	**(0.67)**
Diluted net income (loss) from discontinued operations attributable to owners of the parent *(€ millions)*	**(548)**	(35)
Weighted average number of shares for the year after dilution	**52,840,136**	53,334,603
Per share – diluted *(€)*	**(10.44)**	**(0.67)**

Note 14
Other provisions

› Accounting principle

A provision is recorded when the Group 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.

In accordance with the above principle, a provision is recorded for the cost of repairing equipment sold with a warranty. The provision represents the estimated cost of repairs to be performed during the warranty period, as estimated on the basis of actual costs incurred in prior years. Each year, part of the provision is reversed to offset the actual repair costs recognised in expenses.

A provision for restructuring expenses is recorded when the Group has a constructive obligation to a third party. This is the case when management has drawn up a detailed, formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to them before the period-end.

Other provisions concern specifically identified liabilities and expenses.

Contingent liabilities correspond to possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control, or present obligations whose settlement is not expected to require an outflow of resources embodying economic benefits. Contingent liabilities are not recognised in the statement of financial position but are disclosed in the notes to the financial statements.

14.1. Breakdown of and movements in provisions

(€ millions)	1 January 2019 (restated)	Additions	Reversals used	Reversals not used	Changes in scope of consolidation and transfers	Effect of movements in exchange rates	Other	31 December 2019
Claims and litigation	486	105	(52)	(69)	5	(9)	(22)	**444**
Other risks and expenses	104	57	(19)	(22)	49		(45)	**125**
Restructuring	54	61	(53)	(6)	7		(13)	**50**
Total other provisions	**644**	**223**	**(125)**	**(97)**	**61**	**(9)**	**(79)**	**619**
of which non-current	481	104	(50)	(59)	52	(9)	(53)	**466**
of which current	162	119	(74)	(38)	9		(26)	**153**

Provisions for claims and litigation and for other risks and expenses are composed of a wide variety of provisions for employee-related disputes (before a labour court), property disputes (concerning construction or refurbishment work, rents, tenant evictions, etc.), tax disputes and business claims (trademark infringement, etc.) or indirect taxation.

Provisions for claims and litigation amount to €444 million and include €411 million for GPA (note 14.2). Of this amount, additions to provisions, reversals of used provisions and reversals of surplus provisions, respectively, amounted to €86 million, a negative €29 million and a negative €73 million.

14.2 Breakdown of GPA provisions for claims and litigation

(€ millions)	Claims and litigation[1] PIS/Cofins/ CPMF disputes	Other tax disputes[2]	Employee disputes	Civil litigation	Total
31 December 2019	**13**	**302**	**68**	**28**	**411**
31 December 2018 (excluding Via Varejo)	31	316	65	26	439

(1) VAT and similar taxes.
(2) Indirect taxes (mainly ICMS tax on sales and services in Brazil).

In the context of the litigation disclosed above and below in note 14.3, GPA is contesting the payment of certain taxes, contributions and payroll obligations. The legal deposits paid by GPA pending final rulings from the administrative courts on these various disputes are included in "Other non-current assets" (note 7.9). GPA has also provided various guarantees in addition to these bonds, reported as off-balance sheet commitments (note 7.11).

	2019			2018		
(€ millions)	Bonds posted by GPA[1]	Assets pledged as collateral[2]	Bank guarantees[2]	Bonds posted by GPA[1]	Assets pledged as collateral[2]	Bank guarantees[2]
Tax disputes	53	187	2,029	53	189	2,033
Employee disputes	105	-	119	104	1	43
Civil and other litigation	18	3	104	17	3	97
Total	**176**	**189**	**2,252**	**175**	**192**	**2,173**

(1) Note 7.9.
(2) Note 7.11.1.

14.3 Contingent assets and liabilities

In the normal course of its business, Casino Group is involved in a number of legal or arbitration proceedings with third parties or with the tax authorities in certain countries (mainly involving GPA – see below).

As stated in note 4.3.5, no associates or joint ventures have any significant contingent liabilities.

› 14.3.1. Arbitration between GPA and Peninsula

On 12 September 2017, GPA received a request for arbitration from Fundo de Investimento Inmobiliáro Peninsula ("Peninsula") in order to discuss the calculation of rental charges and other operational matters related to leasing agreements concerning stores owned by Peninsula and operated by GPA. The agreements have a duration of 20 years as from 2005 and are automatically renewable for another 20-year period at the sole discretion of GPA. They set out the method for calculating rental charges.

Despite the discussions concerning application of the lease terms, the request for arbitration has no impact on the operation of the leased stores, which is contractually guaranteed. At this stage of the arbitration process, it is not possible to make a reasonable estimate of the related risk. Based on the opinion of its legal advisors, the Company considers the risk of an unfavourable ruling by the arbitration board as possible.

› 14.3.2. Proceedings brought by the DGCCRF (French competition authority) against AMC and INCAA and investigations by the French and European competition authorities

On 28 February 2017, the French Ministry of the Economy, represented by the Department of Competition Policy, Consumer Affairs and Fraud Control (DGCCRF), brought an action against Casino in the Paris Commercial Court. The case involves a series of credit notes totalling €22.2 million issued in 2013 and 2014 by 41 suppliers. The DGCCRF is seeking repayment of this sum to the suppliers concerned, together with a fine of €2 million.

Also, on 11 April 2017, the common purchasing entity INCA Achats, and its parent companies Intermarché and Casino, were prosecuted for economic imbalance and abusive commercial practices that allegedly took place in 2015 against 13 multinational companies in the hygiene and fragrance industry, with a fine of €2 million.

The proceedings in both cases are still in progress. Casino Group considers that it complied with the applicable regulations during negotiations with the suppliers concerned by both sets of proceedings. Consequently, no provision has been set aside for these matters.

Casino Group is also the subject of regular investigations conducted by the French and European competition authorities.

In early February 2017, representatives of France's Competition Authority raided the premises of Vindémia Logistique and Vindémia Group and seized certain documents concerning their consumer goods supply and distribution activities on Reunion Island.

The Competition Authority has not issued a complaint at this stage. Casino Group is not currently able to predict the outcome of the investigation.

At the end of February 2017, representatives of the European Commission raided the premises of Casino, Guichard-Perrachon, Achats Marchandises Casino – A.M.C. (formerly E.M.C. Distribution) and Intermarché-Casino Achats (INCA-A), in connection with an investigation into fast-moving consumer goods supply contracts, contracts for the sale of services to manufacturers of branded products and contracts for the sale of fast-moving consumer goods to consumers.

In May 2019, representatives of the European Commission conducted additional raids of the premises of the same companies (except for INCA-A, which has since ceased operations and is in the process of being liquidated).

The European Commission has not issued any complaints at this stage. Applications filed by Casino Group to contest the legitimacy of the European Commission's series of raids are pending before the General Court of the European Union. Casino Group is not currently able to predict the outcome of this matter.

In June 2018, after giving notice in accordance with French law No. 2015-990 of 6 August 2015, the French Competition Authority launched an informal investigation into the creation of joint purchasing organisations in the food retailing sector. The investigation concerns in particular the Horizon central purchasing organisation set up between Auchan, Casino, Metro and Schiever. It is still in progress.

› 14.3.3. GPA tax, social and civil contingent liabilities

(€ millions)	**31 December 2019**	31 December 2018
INSS (employer's social security contributions)	**100**	95
IRPJ - IRRF and CSLL (corporate income taxes)	**234**	224
PIS, COFINS and CPMF (VAT and similar taxes)	**448**	447
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	**27**	34
ICMS (state VAT)	**1,355**	1,329
Civil litigation	**89**	115
Total	**2,254**	**2,244**

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. At 31 December 2019, the estimated amount totalled €44 million (31 December 2018: €38 million).

Moreover, Casino has given a specific guarantee to its Brazilian subsidiary concerning notifications of tax adjustments received from the tax administration, for a total amount of BRL 1,409 million at 31 December 2019 (31 December 2018: BRL 1,317 million), including penalties and interest. Under the terms of the guarantee, Casino has undertaken to indemnify GPA for 50% of any damages incurred, provided those damages are definitive. Based on the commitment given by Casino to its subsidiary, the risk exposure amounts to BRL 705 million (€156 million) (31 December 2018: BRL 658 million, representing €148 million). As the risks of liability are only considered possible, Casino has not recognised a provision in its financial statements for this amount.

› 14.3.4. GPA contingent assets

Exclusion of ICMS from the PIS/COFINS tax base:

Since the introduction of non-cumulative PIS and COFINS tax credits, GPA has asserted the right to deduct ICMS tax from the base used to calculate PIS and COFINS taxes. GPA's position was supported by a Brazilian federal supreme court (STF) ruling on 15 March 2017 that the ICMS tax should be excluded from the PIS and COFINS tax base.

Since the supreme court's ruling on 15 March 2017, the procedure has continued in line with the expectations of GPA and its advisors, without GPA's judgement being called into question concerning the release of the provisions, although the court has not yet handed down its final decision. GPA and its external legal advisors believe that this decision concerning the application method will not limit its rights under the legal proceedings brought since 2003 which are still in progress. However, an asset cannot be recognised for the tax credits until all the stages in the procedure have been completed. GPA estimates that these tax credits represent a potential asset of BRL 1,184 million (€262 million).

Note 15
Related-party transactions

Related parties are:

- parent companies (mainly Foncière Euris, Finatis and Euris);
- entities that exercise joint control or significant influence over the Company;
- subsidiaries (note 18);
- associates (primarily Mercialys) (note 4.3.6);
- joint ventures (note 4.3.6);
- members of the Board of Directors and Management Committee (note 9.4).

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Company and its subsidiaries receive strategic advice from Euris, the ultimate holding company, with which agreements have been signed. The Group also receives other routine services from Euris and Foncière Euris (technical assistance, provision of staff and premises).

The expenses recorded during the year in respect of these agreements totalled €6 million, of which €5 million for administrative and strategic advisory services and €1 million for the provision of staff and premises.

In connection with the deployment of its dual model combining retail and commercial real estate activities, Casino and its subsidiaries are involved in a number of property development operations with Mercialys (note 4.3.6).

Related-party transactions with individuals (Directors, corporate officers and members of their families) are not material.

Note 16
Statutory Auditors' fees

In 2019, the fees paid to Rallye's Statutory Auditors, who also audit the financial statements of consolidated subsidiaries, were as follows:

(€ thousands)	Ernst & Young	KPMG
Statutory audit and review of statutory and consolidated financial statements	6,777	707
Non-audit services	744	487
Total	**7,521**	**1,194**

Services other than the statutory audit of the financial statements ("non-audit services") provided by the Statutory Auditors to Rallye, the consolidating entity, and its subsidiaries correspond mostly to procedures related to the issuance of statements and reports on agreed-upon procedures regarding data issued from the accounting records, or regarding internal control.

Note 17
Subsequent events

Approval of the safeguard plans of Rallye, L'Habitation Moderne de Boulogne, Alpétrol, Cobivia, Foncière Euris, Finatis and Euris

On 2 March 2020, Rallye, L'Habitation Moderne de Boulogne, Alpétrol, Cobivia, Foncière Euris, Finatis and Euris announced that the Paris Commercial Court had approved their safeguard plans on 28 February 2020 (note 2).

Refinancing of the Rallye, HMB and Cobivia derivatives transactions

The refinancing is detailed in note 2.

Vesa Equity Investment

On 20 January 2020, Vesa Equity Investment announced that it had crossed the 5%-threshold of Casino, Guichard-Perrachon's share capital, and that it held 5.64% of the capital.

Covid-19

First identified in the Asia-Pacific region, the Covid-19 epidemic has spread rapidly to the rest of the world during the first few months of 2020, prompting governments to take drastic health measures to control the spread of the virus (closure of schools, lockdowns, travel and mobility restrictions, closure of public places, etc.). These measures are having a huge economic impact in every country in which the Group operates and it is currently impossible to predict how long the measures will be in place or their ultimate impact on business and the economy. Casino Group sales have increased sharply due to panic buying and the fact that people can no longer eat in restaurants and canteens, and are eating all their meals at home. Given the uncertainty surrounding both future consumer behaviour trends and the pandemic's economic impact, it would nevertheless be premature to estimate Covid-19's financial impact on Casino Group at this stage.

Signature of an agreement with Aldi France to sell Leader Price stores and warehouses

On 20 March 2020, Casino Group announced it had signed a unilateral purchase agreement with Aldi France to sell 567 Leader Price stores and three warehouses for an enterprise value of €735 million (including an earn-out of €35 million contingent on the achievement of certain operating indicators during the transaction period). Casino Group remains owner of the Leader Price brand and will continue to distribute Leader Price-branded products to the Group's other banners and franchisees, particularly outside France.

The transaction is expected to be completed after consultation with employee representative bodies and is subject to approval by the French Competition Authority.

NOTE 18
MAIN CONSOLIDATED COMPANIES

Company	2019 % control	2019 % interest	2019 Consolidation method	2018 % control	2018 % interest	2018 Consolidation method
Rallye SA (listed company)			**Parent company**			**Parent company**
HOLDINGS AND OTHER ACTIVITIES						
Alpétrol	100	100	FC	100	100	FC
Cobivia	100	100	FC	100	100	FC
L'Habitation Moderne de Boulogne	100	100	FC	100	100	FC
Miramont Finance & Distribution	100	100	FC	100	100	FC
Parande						
Parande	100	100	FC	100	100	FC
Euristates Inc.	100	100	FC	100	100	FC
Parinvest	100	100	FC	100	100	FC
Groupe GO Sport						
Courir	-	-	-	100	100	FC
GO Sport France	100	100	FC	100	100	FC
CASINO, GUICHARD-PERRACHON (LISTED COMPANY)*	**61.90**	**52.71**	**FC**	**63.46**	**52.14**	**FC**
France - Retailing						
Achats Marchandises Casino (AMC)	100	100	FC	100	100	FC
Casino Carburants	100	100	FC	100	100	FC
Casino Services	100	100	FC	100	100	FC
Casino International	100	100	FC	100	100	FC
CD Supply Innovation	50	50	EM	50	50	EM
Distribution Casino France (DCF)	100	100	FC	100	100	FC
Distridyn	49.99	49.99	EM	49.99	49.99	EM
Easydis	100	100	FC	100	100	FC
Floréal	100	100	FC	100	100	FC
Geimex	100	100	FC	100	100	FC
Horizon Achats	44	44	EM	44	44	EM
Horizon Appels d'Offres	44	44	EM	44	44	EM
Intermarché Casino Achats (INCAA)	50	50	EM	50	50	EM
Monoprix Group						
Les Galeries de la Croisette	100	100	FC	100	100	FC
Monoprix	100	100	FC	100	100	FC
Monoprix Exploitation	100	100	FC	100	100	FC
Monoprix On Line (formerly Sarenza)	100	100	FC	100	100	FC
Monop'	100	100	FC	100	100	FC
Naturalia France	100	100	FC	100	100	FC
Société Auxiliaire de Manutention Accélérée de Denrées Alimentaires "S.A.M.A.D.A."	100	100	FC	100	100	FC
Société L.R.M.D.	100	100	FC	100	100	FC
Franprix-Leader Price Group						
Cofilead	100	100	FC	100	100	FC
DBMH	100	100	FC	100	100	FC
Distribution Franprix	100	100	FC	100	100	FC
Distribution Leader Price	100	100	FC	100	100	FC
Distri Sud-Ouest (DSO)	100	100	FC	100	100	FC
Franprix Holding	100	100	FC	100	100	FC
Franprix-Leader Price	100	100	FC	100	100	FC
Franprix-Leader Price Finance	100	100	FC	100	100	FC

Company	2019 % control	2019 % interest	2019 Consolidation method	2018 % control	2018 % interest	2018 Consolidation method
HLP Ouest	70	70	FC	70	70	FC
Holding Ile de France 2	49	100	EM	49	49	EM
Holding Spring Expansion	49	100	EM	49	49	EM
Holdi Mag[7]	49	100	FC	49	49	EM
Holdev Mag	100	100	FC	49	49	EM
Gesdis[7]	40	100	FC	40	40	EM
Leader Price Exploitation	100	100	FC	100	100	FC
NFL Distribution	100	100	FC	100	100	FC
Parfidis	100	100	FC	100	100	FC
Pro Distribution	70	70	FC	70	70	FC
R.L.P. Invest	100	100	FC	100	100	FC
Sarjel	100	100	FC	100	100	FC
Sédifrais	100	100	FC	100	100	FC
Sofigep	100	100	FC	100	100	FC
Codim Group						
Codim 2	100	100	FC	100	100	FC
Hyper Rocade 2	100	100	FC	100	100	FC
Pacam 2	100	100	FC	100	100	FC
Poretta 2	100	100	FC	100	100	FC
Prodis 2	100	100	FC	100	100	FC
Property and Energy						
GreenYellow	73.62	73.62	FC	73.44	73.44	FC
L'immobilière Groupe Casino	100	100	FC	100	100	FC
Sudéco	100	100	FC	100	100	FC
Uranie	100	100	FC	100	100	FC
Mercialys Group						
Mercialys (listed company)	25.24	30.57	EM	25.27	39.22	EM
Other businesses						
Banque du Groupe Casino	50	50	EM	50	50	EM
Casino Finance	100	100	FC	100	100	FC
Casino Finance International	100	100	FC	100	100	FC
Casino Restauration	100	100	FC	100	100	FC
Restauration Collective Casino	-	-	-	100	100	FC
Perspecteev	49	49	EM	21.8	21.80	EM
MaxIT	100	100	FC	100	100	FC
RelevanC	100	100	FC	100	100	FC
E-commerce						
Cnova N.V. Group (listed company)	**99.46**	**78.91**	**FC**	**99.44**	**76.15**	**FC**
Cdiscount	100	78.98	FC	100	76.22	FC
C-Logistics	100	82.28	FC	100	76.22	FC
International - Poland						
Mayland Real Estate	100	100	FC	100	100	FC
International - Brazil						
Wilkes	100	100.00	FC	100	77.65	FC
GPA Group (listed company)	**99.94**	**41.26**	**FC**	**99.94**	**33.09**	**FC**
Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento (FIC)[1][2]	50	35.76	EM	50	41.92	EM
GPA Malls & Properties Gestão de Ativos e Serviços. Imobiliários Ltda. ("GPA M&P")[1]	100	100	FC	100	100	FC
Novasoc Comercial Ltda. (Novasoc)[1]	100	100	FC	100	100	FC
Sendas Distribuidora S.A. ("Sendas")[1]	100	100	FC	100	100	FC

Company	2019 % control	2019 % interest	2019 Consolidation method	2018 % control	2018 % interest	2018 Consolidation method
Via Varejo (listed company)[1]	**-**	**-**	**-**	**39.37**	**43.23**	**FC**
Banco Investcred Unibanco S.A. (BINV)[1][2][3][5]	-	-	-	50	21.62	EM
Indústria de Móveis Bartira Ltda. ("Bartira")[3][5]	-	-	-	100	100	FC
C'nova Comercio Electronico[3][5]	-	-	-	100	100	FC
International - Colombia, Uruguay and Argentina						
Éxito Group (listed company)	**96.57**	**39.84**	**FC**	**55.3.**	**55.30**	**FC**
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones SA DIDETEXCO)[4]	**97.95**	**97.95**	**FC**	97.95.	97.95	FC
Viva Malls Trust[4][6]	**51**	**51**	**FC**	51	51	FC
Trust Viva Villavincencio[4]	**51**	**26.01**	**FC**	51	26.01	FC
Barranquilla Trust[4]	**90**	**45.90**	**FC**	90	45.90	FC
Logistica y transporte de Servicios S.A.S.[4]	**100**	**100**	**FC**	100	100	FC
Tuya SA[4]	**50**	**50**	**EM**	50	50	EM
Grupo Disco (Uruguay)[4]	**75.10.**	**62.49**	**FC**	75.10.	62.49	FC
Devoto (Uruguay)[4]	**100**	**100**	**FC**	100	100	FC
Libertad (Argentina)[4]	**100**	**100**	**FC**	100	100	FC
International - Indian Ocean						
Vindémia Distribution	**100**	**100**	**FC**	100	99.99	FC
Vindémia Logistique	**100**	**100**	**FC**	100	100	FC
BDM (Mayotte)	**100**	**100**	**FC**	71.44	71.44	FC
SOMAGS (Mauritius)	**100**	**100**	**FC**	100	100	FC
French and international holding companies						
Bergsaar BV	**100**	**100**	**FC**	100	100	FC
Forézienne de Participations	**100**	**100**	**FC**	100	100	FC
Géant Foncière BV	**100**	**100**	**FC**	100	100	FC
Géant Holding BV	**100**	**100**	**FC**	100	100	FC
Géant International BV	**100**	**100**	**FC**	100	100	FC
Gelase	**100**	**39.84**	**FC**	100	55.3	FC
Helicco	**100**	**100**	**FC**	100	100	FC
Intexa (listed company)	**98.91**	**97.91**	**FC**	**98.91**	**97.91**	**FC**
Marushka Holding BV	**100**	**100**	**FC**	100	100	FC
Quatrim	**100**	**100**	**FC**	-	-	-
Ségisor SA	**100**	**100**	**FC**	100	77.65	FC
Tevir SA	**100**	**100**	**FC**	100	100	FC
Tonquin BV	**100**	**100**	**FC**	100	100	FC

* *The percentages correspond to the percentage interests held by Rallye in Casino, Guichard-Perrachon.*

(1) The percentage interests correspond to the percentages held by the GPA sub-group. As regards Via Varejo, GPA held 39.37% of the voting rights and 43.23% of the shares, including 3.86% through a total return swap (TRS) at 31 December 2018. At 31 December 2019, Casino Group no longer held any shares in Via Varejo further to the sale on 14 June 2019 (note 3).

(2) FIC and BINV finance purchases made by GPA's customers. These entities were created through a partnership between Banco Itaú Unibanco S.A ("Itaú Unibanco"), GPA, and Via Varejo. They are accounted for by the equity method as GPA exercises significant influence over their operating and financial policies. At 31 December 2018, Via Varejo's 14.24% share of FIC's net assets was classified as held for sale in accordance with IFRS 5. BINV is a Via Varejo joint venture and was classified in full as held for sale at 31 December 2018.

(3) The percentage interests correspond to the percentages held by the Via Varejo sub-group.

(4) The percentage interests correspond to the percentages held by the Éxito sub-group. On 27 April 2015, Éxito signed a contractual agreement, initially with a two-year term, granting it more than 75% of the Disco voting rights and exclusive control over the sub-group's strategic decisions. On 29 December 2016, the agreement was extended until 30 June 2019. It will then be rolled over automatically until 30 June 2021.

(5) Via Varejo's main subsidiaries and joint ventures are Cnova Comercio Electronico, BINV and Bartira. The entire sub-group was classified as held for sale in accordance with IFRS 5 at 31 December 2018.

(6) The trust's governance is specified in the agreement between the parties. Éxito is the majority partner and FIC has rights with respect to certain Viva Malls business decisions concerning such matters as acquisitions and disposals in excess of a certain amount or the method of setting budgets and business plan targets. The agreement also states that Éxito is the sole provider of property management, administrative and marketing services for Viva Malls and that it is paid an arm's length fee for these services. A review of the substance of FIC's rights under the agreement confirms that their effect is solely to protect FIC's investment and that, consequently, Viva Malls is controlled by Éxito.

(7) As of 31 December 2019, Casino Group held potential rights conferring it control.

Note 19

Standards, amendments to existing standards and interpretations published but not yet mandatory

Standards, amendments and interpretations adopted by the European Union at the reporting date but not yet mandatory

The IASB has published the following standards, amendments to existing standards and interpretations, adopted by the European Union but not mandatory at 1 January 2019:

- Amendments to IAS 1 and IAS 8 – Definition of Material

  These amendments are applicable as from 1 January 2020 on a prospective basis.

  They amend and expand the definition of materiality in IAS 1 and IAS 8.

  They also align the definition of materiality with the wording of the IFRS Conceptual Framework.

- Amendments to References to the Conceptual Framework in IFRS Standards

  These amendments are applicable as from 1 January 2020 on a prospective basis.

  They are designed to replace existing references to previous frameworks in various standards and interpretations, with references to the revised Conceptual Framework. The main standards and interpretations concerned are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32.

Standards and interpretations not adopted by the European Union at the reporting date

The IASB has published the following standards, amendments to existing standards and interpretations applicable to the Group which have not yet been adopted by the European Union:

Standard (application date for the Group subject to adoption by the EU)	Description of the standard
Amendments to IFRS 3 *Definition of a Business* (1 January 2020)	These amendments are applicable on a prospective basis. They narrow and clarify the definition of a business and the application guidance for the assessment of whether an acquired set of activities and assets is a group of assets rather than a business. Under the amended definition, to be considered a business, the integrated set of activities and assets must create output in the form of goods and services delivered to customers, rather than being conducted and managed for the purpose of providing a return to investors or other owners, members or participants. In addition, an optional concentration test has been introduced to simplify the assessment of whether an integrated set of activities and assets is a group of assets and not a business.

These interpretations and amendments are not expected to have any material impact on the Group's consolidated financial statements.

Chapter 4

PARENT COMPANY FINANCIAL STATEMENTS

Statutory Auditors' report on the financial statements

This is a translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2019

To the Annual General Meeting of Rallye,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Rallye for the year ended 31 December 2019. These financial statements were approved by the Board of Directors, on 26 March 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Safeguard proceedings and plan approval

See notes I "Accounting policies", and II "Rallye safeguard proceedings" of the financial statements

Risk identified	Our response

On 23 May 2019, the Company obtained the initiation of safeguard proceedings for an initial six-month period from the Commercial Court of Paris. On 25 November 2019, the observation period was extended for another six-month period. The safeguard plan under approval at 31 December 2019 provided for a ten-year liabilities repayment schedule. The Paris Commercial Court approved the safeguard plan on 28 February 2020.
Management assessed the going concern assumption based on cash flow forecasts. As set out in note I of the financial statements, the cash flow forecasts prepared for the next 12 months show a cash flow position that management considers to be in line with the estimated obligations resulting from the initiation of the safeguard proceedings.
Given the significance of the safeguard proceedings and the judgement required to prepare the cash flow forecasts, we deemed the assessment of the going concern assumption and the presentation in the notes to the financial statements of the information about subsequent events to be a key audit matter.
	As part of our audit, we notably:
	- familiarised ourselves with the decisions of Paris Commercial Court regarding (i) the initiation of the safeguard proceedings on 23 May 2019 and (ii) the approval of the safeguard plan on 28 February 2020;
	- assessed the impact of the implementation of the safeguard plan on the going concern assumption by analysing the 12-month cash flow forecasts prepared by management. As such and in order to assess the main assumptions used, our work consisted in:
	  - gaining an understanding of the procedures implemented to prepare the cash flow forecasts,
	  - comparing the starting point of the cash flow forecasts table with the audited financial statements for the year ended 31 December 2019,
	  - gaining an understanding of the main assumptions used to prepare the cash flow forecasts and assessing their consistency with our knowledge of the Company and market conditions,
	  - corroborating the financing maturities taken into account and their results in the cash flow forecasts with the financing agreements entered into by the Company and its subsidiaries;
	- questioned management about its knowledge of any events or circumstances after 31 December 2019 that may cause the Company to cease to continue as a going concern;
	- assessed the appropriateness of the information provided in note II of the financial statements about the safeguard proceedings and the approval of the plan.

Valuation of investments in subsidiaries and associates

See notes I.1.2 "Long-term investments", III, "Other significant events of the year", and IV.6. "Long-term investments" of the financial statements

Risk identified	Our response
At 31 December 2019, the net carrying amount of investments in subsidiaries and associates recorded in the Company's statement of financial position amounted to €3,211 million, representing around 59% of total assets. Investments in subsidiaries and associates and the related technical losses are recognised at their cost or transfer value. Impairment losses are recognised where the carrying amount of investments, including the allocated portion of technical losses, exceeds value in use. The Company measures the value in use of its investments in subsidiaries and associates on the basis of several criteria, including net asset value, adjusted net asset value, present value of future cash flows net of debt, comparable multiples and independent valuations. Regarding Groupe GO Sport, in light of the ongoing disposal and the offers received, the Company decided to write down its investment in Groupe GO Sport in full. The accounting impacts of the write-down were impairment losses of €92.3 million on "Investments in subsidiaries and associates" and €10.2 million on the current account with MFD (shareholder with a 30% stake in Groupe GO Sport). We deemed the valuation of investments in subsidiaries and associates, including those relating to Casino, Guichard-Perrachon and Groupe GO Sport, to be a key audit matter given their materiality in the Company's statement of financial position and management's use of judgements, estimates and assumptions to which the assessment may be sensitive.	We assessed the compliance of the methodology used by management with the applicable accounting standards. Regarding the investment in Casino Group, we also assessed the main estimates used, analysing in particular the following: - the consistency of projected cash flows with the budgets and medium-term plans approved by management using internal and external data as well as with the historical performance of the Group and the economic environment; - the methods and parameters used to determine the discount rate and perpetual growth rate applied to estimated cash flows. With the assistance of our valuation experts, we recalculated the discount rate and compared it with the rates used by major financial analysts, as well as with observed rates for several companies operating in the same business segment as the Group; - the sensitivity scenarios used by management, of which we verified the arithmetical accuracy. Lastly, we assessed the appropriateness of the information disclosed in the notes to the financial statements, in particular that relating to sensitivity tests. Regarding the investment in Groupe GO Sport, we also assessed the main estimates used, by analysing in particular the following: - the estimates made by management in order to determine the fair value less expected costs to sell based on (i) the information available at this stage of the disposal process and (ii) the contemplated conditions by management for the completion of the disposal; - the methodology for calculating impairment. Lastly, we examined the appropriateness of the information provided in the notes to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report as approved on 26 March 2020, and in the other documents with respect to the financial position and the financial statements provided to the shareholders. Regarding the events that occurred and the elements known after the date of approval of the financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the Annual General Meeting called to decide on these financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (*Code de commerce*).

Information relating to Corporate Governance

We attest that the Board of Directors' management report, in the corporate governance section, sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remuneration and benefits received by, or allocated to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest to the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have agreed that this information is consistent with the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Rallye by the Annual General Meeting held on 29 June 1993 for KPMG S.A. and on 1 June 1999 for Ernst & Young et Autres.

At 31 December 2019, KPMG S.A. and Ernst & Young et Autres were in the twenty-seventh and twenty-first consecutive year of their engagement, respectively.

Previously, Barbier Finault et Associés had been Statutory Auditor of Rallye since 1995.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. 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.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- obtains 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 internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 28 April 2020

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.
Jean-Marc Discours

Ernst & Young et Autres
Henri-Pierre Navas

Parent company financial statements

Income statement

(€ millions)	Notes	2019	2018
Net revenue		**3.0**	**3.6**
Other purchases and external expenses		**(44.6)**	(21.9)
Taxes and duties		**(0.3)**	(0.3)
Payroll expenses		**(6.9)**	(6.0)
Net additions to depreciation, amortisation and provisions		**(29.7)**	(7.8)
Other net operating expenses		**(0.3)**	(0.2)
Operating income (loss)	**1**	**(78.9)**	**(32.7)**
Financial income		**136.0**	237.8
Financial expenses		**(239.7)**	(155.6)
Net financial income (expense)	**2**	**(103.7)**	**82.2**
Recurring income (loss) before tax		**(182.6)**	**49.6**
Non-recurring income		**0.1**	
Non-recurring expenses		**(7.8)**	(2.5)
Net non-recurring income (expense)	**3**	**(7.7)**	**(2.5)**
Income tax	4		
NET INCOME (LOSS)		**(190.3)**	**47.1**

Statement of financial position

Assets

(€ millions)	Notes	Gross	Depreciation, amortisation and impairment	31 December 2019	31 December 2018
Intangible assets	5	0.1	0.1		
Property, plant and equipment	5	0.5	0.5	**0.1**	0.2
Long-term investments	6	4,662.1	772.3	**3,889.9**	3,332.3
Total non-current assets		**4,662.8**	**772.9**	**3,889.9**	**3,332.5**
Receivables	7	1,293.9	10.2	**1,283.6**	1,384.3
Derivative financial instruments	8				3.8
Marketable securities	9	82.0	0.1	**81.9**	242.8
Cash and cash equivalents	9	86.9		**86.9**	160.6
Prepaid expenses	7	0.1		**0.1**	0.3
Total current assets		**1,462.8**	**10.4**	**1,452.5**	**1,791.8**
Accruals and other assets	10	81.4		**81.4**	37.5
TOTAL ASSETS		**6,207.0**	**783.2**	**5,423.8**	**5,161.9**

Total shareholders' equity and liabilities

(€ millions)	Notes	31 December 2019	31 December 2018
Share capital		**156.5**	161.2
Share issue premiums		**1,482.6**	1,495.7
Reserves		**41.3**	40.8
Retained earnings		**37.4**	43.0
Net income (loss) for the year		**(190.3)**	47.1
Shareholders' equity	**11**	**1,527.6**	**1,787.7**
Provisions	12	**9.2**	5.3
Borrowings and financial liabilities	13	**3,102.1**	3,101.8
Accounts payable	14	**29.2**	7.7
Other liabilities	14	**685.1**	246.7
Derivative financial instruments	8		7.3
Deferred income	14		2.9
Total liabilities		**3,816.4**	**3,366.5**
Accruals and other liabilities	10	**70.6**	2.3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,423.8**	**5,161.9**

Cash flow statement

(€ millions)	2019	2018
Cash flow from operating activities:		
Net income (loss)	**(190.3)**	**47.1**
Elimination of non-cash and non-operating expenses and income:		
Depreciation, amortisation, impairment and provisions	**140.9**	27.4
Capital gains on disposals, net of tax		2.5
Cash from (used in) operating activities before change in working capital	**(49.3)**	**77.0**
Change in working capital related to operating activities:		
Net operating receivables	**(1.4)**	8.7
Accounts payable	**22.5**	1.8
Net cash flow from (used in) operating activities (A)	**(28.3)**	**87.5**
Cash flow from investing activities:		
Acquisition of property, plant and equipment and intangible assets		
Disposal of property, plant and equipment and intangible assets	**0.1**	
Acquisition of long-term investments	**(0.5)**	(63.8)
Disposal of long-term investments	**0.5**	
Net cash flow from (used in) investing activities (B)		**(63.8)**
Cash flow from financing activities:		
Dividends paid to shareholders of the Company	**(52.2)**	(18.0)
Increase in financial liabilities	**330.2**	1,043.0
Decrease in financial liabilities	**(353.7)**	(1,080.3)
Change in financial instruments	**8.7**	0.5
Change in accrued interest	**22.3**	(2.8)
Current account advances to subsidiaries of the Company	**78.4**	(10.6)
Net cash flow from (used in) financing activities (C)	**33.7**	**(68.2)**
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	**5.5**	**(44.6)**
Cash and cash equivalents at beginning of year[1] (D)	**60.6**	105.2
Cash and cash equivalents at end of year[1] (E)	**66.1**	60.6
CHANGE IN CASH AND CASH EQUIVALENTS (E-D)	**5.5**	**(44.6)**

(1) Cash and cash equivalents at the beginning and at the end of 2018 and 2019 do not include cash pledged as collateral for bank debt. Such cash pledges represented €20.8 million at 31 December 2019 and €100 million at 31 December 2018. They are recorded within "Increase in financial liabilities" and "Decrease in financial liabilities".

Notes to the parent company financial statements

I. Accounting policies

General information

The financial statements have been prepared in accordance with the French General Chart of Accounts (*Plan Comptable Général*) approved by ministerial decree dated 26 December 2017 and all additional regulations issued by the French accounting standards authority (*Autorité des normes comptables* – ANC).

The generally accepted accounting principles have been applied, in accordance with the basic principle of prudence and based on the following underlying assumptions:

- Going concern:

  The cash flow forecasts prepared for Rallye for the next 12 months show a cash flow position in line with the estimated obligations resulting from the initiation of the safeguard proceedings. The forecasts include the following assumptions:

  - stable recurring operating expenses for the next 12 months, in line with historical operating expenses;
  - financial income assuming that no dividends will be paid by Casino over the next 12 months;
  - no dividend payment by Rallye to its shareholders over the next 12 months.

  On 28 February 2020, the Paris Commercial Court approved the Rallye safeguard plan. In the event of an adverse change in the assumptions used, or the failure by Rallye to meet its obligations at the end of the period covered by the safeguard proceedings, Rallye may not be able to realise its assets or settle its liabilities within the ordinary course of its operations.

  As there is no doubt regarding Rallye's ability to continue as a going concern, the financial statements have been prepared on a going concern basis.

- Accrual.
- Consistency:

The accounting policies applied are consistent with those used for the previous year.

Non-mandatory information is only presented when it is materially important. Accounting entries are recognised using the historical cost method.

The parent company financial statements are expressed in millions of euros, rounded to the closest million. Consequently, the totals and sub-totals shown may not correspond exactly to the sum of the reported amounts.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities and income and expenses, as well as the disclosures made in certain notes to the financial statements.

Due to the inherent uncertainty of assumptions, actual results may differ from the estimates. Estimates and assessments are reviewed at regular intervals and adjusted where necessary to take into account past experience and any relevant economic factors.

The judgements, estimates and assumptions are based on the information available when the financial statements are drawn up and mainly concern the measurement of investments in subsidiaries and associates (note 6).

1.1. Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are stated in the statement of financial position at their cost or transfer value. They mainly include software, fittings and improvements, office equipment and transportation equipment.

Non-current assets are depreciated/amortised on a straight-line basis over the following periods:

Asset category	Depreciation/amortisation period
Software	1 to 3 years
Furniture, office equipment	2 to 10 years
Transportation equipment	4 years
Fittings and improvements	10 years

1.2. Long-term investments

› Investments in subsidiaries and associates

Investments in subsidiaries and associates and any related technical losses are recognised in the statement of financial position at their cost or transfer value. Impairment losses are recognised where the carrying amount of investments, including the allocated portion of technical losses, exceeds value in use.

Rallye measures the value in use of its investments in subsidiaries and associates on the basis of several criteria, including net asset value, adjusted net asset value, present value of future cash flows net of debt, comparable multiples and independent valuations. An impairment loss may be recognised against any current account or a provision for risks recorded when the subsidiary has negative shareholders' equity. The methods used to measure the value in use of shares are consistent from one year to the next.

› Other long-term investments

Other long-term investments mainly include loans and other long-term investments recorded at cost in the statement of financial position. Impairment losses are recorded when the carrying amount exceeds expected net realisable value.

Securities borrowed for a period of more than one year are recorded at fair value on the transaction date. At year-end, securities are measured at the closing price on the last trading day.

With regard to Rallye shares acquired in connection with buyback programmes, the expected net realisable value is the average share price over the last twenty trading days of the financial year. With regard to Rallye shares held for cancellation, no impairment losses are recognised.

1.3. Receivables

Receivables are recorded under assets at their nominal value. A provision for impairment is recorded when their fair value, taking account of recoverability, is lower than their carrying amount.

1.4. Marketable securities

Marketable securities are recognised at their acquisition value. An impairment loss is recorded when the acquisition value is lower than the year-end net asset value.

Securities borrowed for a period of less than one year are recorded at fair value on the transaction date. At year-end, securities are measured at the closing price on the last trading day.

1.5. Bond redemption premiums and deferred charges

Bond issue and redemption premiums and arranging fees for bank loans and lines of credit are deferred and recognised over the term of the loans and lines of credit based on their terms and conditions.

1.6. Foreign currency translation reserves

Receivables and liabilities denominated in foreign currencies are translated at the closing rate. Any differences that may arise between the amounts originally recorded and the amounts as converted at the closing rate are booked under unrealised foreign currency exchange gains or losses. A provision for risks is recorded for unrealised foreign currency exchange losses.

Where the Company can justify an overall foreign exchange position with similar terms, unrealised gains and losses may be offset and only the net loss will be subject to a provision.

1.7. Provisions

When the Company has an obligation towards a third party which is probable or certain to result in an outflow of resources without any consideration in return, a provision is recognised in respect of the risks and liabilities relating to that obligation.

For pension commitments, the projected obligation corresponding to all the rights vested by the persons concerned is recognised as a provision for liabilities. The provision is measured using the projected unit credit method, taking into account social security contributions.

A provision for conditional redemption premiums on bonds may be recognised when it becomes likely that a premium will be paid. The provision is recognised over the life of the bonds. The Company has assessed the need to recognise a provision for redemption premiums, mainly taking into account the maturity date of the bonds and the difference between the current market price of the underlying shares and the redemption value of the bonds.

The Company has set up free share plans for Group employees. A liability is recognised when it is probable that the Company will grant existing shares to plan beneficiaries based on the probable outflow of resources. If the free shares are contingent upon the employee's presence in the Company for a specific period, the liability is deferred over the vesting period. No liability is recognised for plans settled in new shares.

Other provisions correspond to specifically identified risks and liabilities, and are detailed in note 12 to the financial statements.

1.8. Liabilities

Accounts payable and other liabilities are recorded at their nominal value.

Liabilities representing debt securities are recorded under "Other liabilities" at fair value on the transaction date. The liability is measured based on the market value of the securities at year-end. Income relating to liabilities representing debt securities was recorded in the income statement on a pro rata basis until the initiation of the safeguard proceedings, after which date liabilities representing debt securities no longer bear interest.

1.9. Financial instruments

The Company may use various financial instruments to hedge its exposure to interest rate and currency risk. The instruments used are swaps, floors, and put and call options.

The income and expenses resulting from financial instruments are recognised in the income statement for the period on a pro rata basis.

When hedge accounting is not applied, financial instruments are measured at fair value in the statement of financial position. A provision is booked for net unrealised losses resulting from changes in the estimated market value of the financial instruments.

Financial instruments that qualify for hedge accounting are recorded at their nominal value in off-balance sheet commitments. Changes in fair value are not recognised in the statement of financial position, except when this accounting treatment is symmetrical with that applied to the hedged items.

1.10. Recurring income (loss)

Recurring income (loss) includes all the income and expenses relating to the Company's ordinary activities, and items that are part of the continuation of such activities.

1.11. Net non-recurring income (expense)

Net non-recurring income (expense) includes the income and expenses that do not correspond to the Company's ordinary activities or that are material in view of their amounts.

1.12. Income tax

Rallye is the head of a tax group that includes its subsidiaries that meet the eligibility criteria. At 31 December 2019, the tax group consisted of 14 companies.

The tax consolidation agreement signed between Rallye and the members of the tax group, which took effect as from 1 January 2015, sets out the terms and conditions for the allocation of tax within the tax group:

- Groupe GO Sport and its subsidiaries recognise the tax expense that they would have paid had they been taxed on a stand-alone basis. Any tax savings generated by Groupe GO Sport and its subsidiaries continue to be allocated to Groupe GO Sport;
- the other members of the tax group do not recognise a tax expense, since this is directly and definitively paid by Rallye.

In the event that a subsidiary leaves the tax group, Rallye is solely liable for the payment of tax and any other charges that may be due. Rallye may compensate the subsidiary leaving the scope for additional taxes that might be due as a result of belonging to the Group.

II.
Rallye safeguard proceedings

Following persistent and massive speculative attacks against the Group's securities, Rallye and its subsidiaries Cobivia, L'Habitation Moderne de Boulogne (HMB) and Alpétrol, along with the Foncière Euris, Finatis and Euris parent companies, requested and obtained the initiation of safeguard proceedings (*procédure de sauvegarde*), further to the Court decisions of 23 May 2019 and 17 June 2019.

Key steps of the safeguard proceedings

Further to the Court decision of 23 May 2019, Rallye obtained the initiation of safeguard proceedings for an initial six-month period. On 25 November 2019, the Paris Commercial Court authorised the observation period to be extended for a further six months.

The initiation of safeguard proceedings suspended the activation of all further guarantees, whether relating to Casino shares or cash collateral. The enforcement of security interests granted by Rallye has also been suspended by the proceedings, except for derivatives transactions falling within the scope of Article L. 211-40 of the French Monetary and Financial Code (*Code monétaire et financier*). Rallye and its subsidiaries Cobivia and HMB retain all of the economic interests and voting rights attached to pledged shares.

On 2 March 2020, Rallye, Cobivia, HMB, Alpétrol, Foncière Euris, Finatis and Euris announced that the Paris Commercial Court had approved their safeguard plans on 28 February 2020. SCP Abitbol & Rousselet (Maître Frédéric Abitbol) and SELAR FHB (Maître Hélène Bourbouloux) were appointed as administrators to oversee the implementation of the plans.

Recap of Rallye's debt structure as of the initiation of the safeguard proceedings

As of the initiation of the safeguard proceedings, Rallye's gross debt (excluding debt under derivatives transactions) was as follows:

(€ millions)	Rallye
Debt secured by pledges over Casino shares[1]	1,153
Debt secured by pledges over shares of Rallye subsidiaries (other than Casino)	204
Unsecured debt	1,566
TOTAL[2]	**2,923**

(1) As a reminder, the margin call mechanisms provided for in the existing share pledges are suspended for the duration of the safeguard plans.
(2) Including €17 million in accrued interest at 23 May 2019.

Derivatives transactions mainly structured in the form of forward sales and equity swaps are hereafter referred to as "structured derivatives transactions". The structured derivatives transactions entered into by Rallye, Cobivia and HMB for a total amount of €231 million, of which €142.8 million relating to Rallye, are not covered by the safeguard plans in accordance with Article L. 211-40 of the French Monetary and Financial Code. This article authorises security interests granted in respect of financing agreements to be terminated, offset or exercised despite the initiation of safeguard proceedings. The other exemptions granted under safeguard proceedings are, however, applicable to these agreements. These structured derivatives transactions were the subject of specific agreements dated 25 November 2019 (see below).

Agreements restructuring the derivatives transactions entered into by Rallye, Cobivia and HMB

On 25 November 2019, Rallye and its subsidiaries Cobivia and HMB announced the entry into force of agreements with three financial institutions regarding the restructuring of the terms and conditions of their derivatives transactions mainly structured in the form of forward sales and equity swaps. The agreements cover derivatives transactions amounting to a total of €231 million (net of cash collateral assigned to payment), including €142.8 million for Rallye, €54.7 million for Cobivia and €33.6 million for HMB. The transactions are secured by pledges over 9.5 million Casino shares, representing 8.73% of Casino's share capital (including 5.8 million Casino shares held by Rallye, representing 5.4% of Casino's share capital). 50% of the amount of the derivatives transactions will have to be repaid at the latest on 30 June 2021 (i.e., €100.5 million taking into account the amount of €30 million in the form of additional cash collateral allocated between the financial institutions pro rata to their respective amounts in the derivatives transactions), with the balance being repaid at the latest on 31 December 2022, it being specified that Rallye will in each case be able to exercise an early repayment option for such derivatives transactions. All or some of the financial institutions concerned may, if applicable, trigger the early repayment of the derivatives transactions or demand payment of their claims under the derivatives transactions and exercise the related security interests in the following main cases of default: failure to effectively implement the safeguard plans, loss of direct or indirect control of the Group, cross default and non-compliance with a coverage ratio determined as a certain proportion calculated as the value of the Casino shares pledged as collateral for the derivatives transactions as compared to the notional amount of such derivatives transactions (net of cash collateral), it being specified that the companies will have the right to pledge additional Casino shares as collateral for such transactions.

On 2 March 2020, Rallye announced that it had entered into a facility with EP Investment S.à.r.l (an entity controlled by Daniel Křetínský), for the purpose of (i) refinancing the derivatives transactions of Rallye, HMB and Cobivia and (ii) financing the general corporate needs of Rallye for an amount of up to €15 million. This facility, for a total amount of up to €233 million and with fully paid-in-kind interest, will have a four-year duration as from the signing of the facility (with a one-year extension under certain conditions). The drawdown of the facility remains subject to the execution of a fiduciary trust agreement. Upon drawdown of the facility, EP Investment S.à.r.l would benefit from a fiduciary trust over approximately 8.73% of Casino's share capital, corresponding to a number of shares equivalent to the number of shares currently pledged to the financial institutions party to the derivatives transactions. Any dividend distribution by Casino in respect of the shares placed in the fiduciary trust will be allocated to the repayment of the facility. Assuming it is drawn down, this facility would allow repayment of all amounts owed under the derivatives transactions.

On 26 March 2020, Rallye's Board of Directors approved, in the context of the developments in the financial markets relating to the Coronavirus (Covid-19) epidemic, an agreement with Fimalac (a company controlled by Marc Ladreit de Lacharrière) in view of the refinancing of the derivatives transactions entered into by Rallye, Cobivia and HMB. Pursuant to this agreement, Fimalac has undertaken to provide a financing facility with a maturity of four years (with a one-year extension subject to Fimalac's agreement) either to a subsidiary of Euris until 31 December 2020, or to Rallye at the latest on 5 January 2021. The maximum amount of this facility is €215 million. In this unprecedented context, it cannot be excluded that the abovementioned coverage ratio may not be complied with, which could result in the loss for Rallye of 8.73% of Casino's share capital, and could affect the implementation of the safeguard plans approved by the Paris Commercial Court. Therefore, should the financial institutions party to the derivatives transactions exercise the share pledges and appropriate the Casino shares pledged to their benefit, Fimalac has undertaken to finance Par-Bel 2 (a wholly-owned subsidiary of Euris) so that Par-Bel 2 is able to offer liquidity to the financial institutions that have appropriated Casino shares. In such case, the repurchased shares would be directly transferred to a fiduciary trust for the benefit of Fimalac as collateral to guarantee the financing facility granted to Par-Bel 2. In the event that the financing facility granted by Fimalac to Par-Bel 2 is not drawn down before 31 December 2020, Fimalac would grant a financing facility to Rallye, on first demand by Rallye and at the latest on 5 January 2021, under terms identical to those of the Par-Bel 2 facility in order to allow Rallye to repay its derivatives transactions. The drawdown of the facility remains subject to the execution of a fiduciary trust agreement. In light of the agreement with Fimalac, Rallye has cancelled the facility with EP Investment S.à.r.l.

Results of the creditor consultation

The liabilities repayment proposals were sent to Rallye's creditors by the judicial representatives, in order to obtain their acceptance or refusal of the proposals. The results of the consultation are set out below:

71% acceptance of the proposals (all creditors included representing €2,075 million), as follows:

- claims secured by pledges over Casino shares: 100% acceptance of the proposals by the relevant creditors (representing €1,153 million);
- claims secured by pledges over shares of Rallye subsidiaries (other than Casino): 100% acceptance of the proposals by the relevant creditors representing €204 million;
- unsecured claims (in particular certain bilateral credit lines, bonds and commercial paper): 46% acceptance of the proposals by the relevant creditors (including bondholders) representing €720 million.

Repayment profile of liabilities included in the safeguard proceedings

By a decision dated 28 February 2020, the Paris Commercial Court approved the repayment undertakings included in the liabilities repayment proposals described in the press release dated 9 December 2019. Therefore, taking into account securities pledges, the repayment profiles (debt only) resulting from the undertakings are as follows[1].

The repayment profiles are based on the following assumptions:

- the chain of control over Casino being maintained over the period 2020-2030, thus securing the dividend flows for the relevant companies; and
- the refinancing of the 2030 Rallye maturity.

Rallye benefits from three categories of resources to repay its liabilities:

- dividends from Casino;
- sale of its non-strategic assets; and
- different refinancing options. In particular, acceptance of the creation of a second-rank pledge over Casino shares[2] may allow for financing to be arranged for the purpose of early repayment and/or repurchase, which would be proposed in the form of an amendment to the safeguard plan under the same terms and conditions to all holders of claims admitted to Rallye's liabilities and which are not secured by pledges over Casino shares. A maximum number of approximately 44 million Casino shares may be pledged under such second-rank pledges.

(1) In nominal amounts, net of the proceeds and cash collateral at 23 May 2019. Where applicable, the contractual interest and any fees will continue to apply for the duration of the plan and will be paid based on the same repayment profile as the claims to which they relate. As regards claims secured by pledges over listed shares, the repayment profile takes into account the existing securities pledges. Such pledges allow the creditors to appropriate any proceeds in advance and may lead to faster repayment compared to the undertakings under the liabilities repayment proposals.

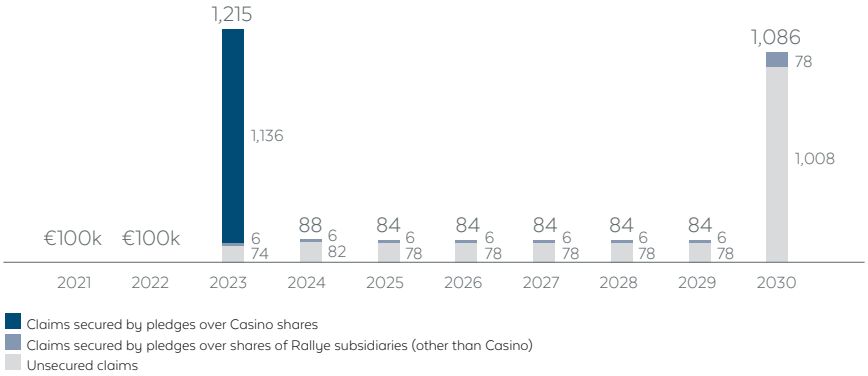
(2) These second-rank pledges over Casino shares may in no case infringe the rights of the creditors benefiting from a first-rank pledge over Casino shares. The second-rank pledges over Casino shares will not contain any margin call mechanism. Margin call mechanisms apply in the event that the value of the securities pledged to a creditor falls below a contractually defined ratio: the debtor must immediately pledge additional securities or, where possible under the agreement, provide cash collateral if such debtor cannot pledge additional securities. The share pledge agreements provide for a coverage ratio of 130% of the outstanding amount. The margin call mechanisms have been suspended as from the initiation of the safeguard proceedings at the companies.

› Rallye repayment schedule

The repayment schedule for liabilities totalling €2,809 million corresponds to:

- gross debt as of the initiation of Rallye's safeguard proceedings for €2,906 million (excluding accrued interest at 23 May 2019 for €17 million);
- net of cash collateral of €97 million, which will be appropriated by the creditors in accordance with the approved safeguard plan (presented under "Marketable securities and cash and cash equivalents" at 31 December 2019).

RALLYE REPAYMENT SCHEDULE
(€ millions)



Implementation of the safeguard plan

The Paris Commercial Court has appointed SCP Abitbol & Rousselet (Maître Frédéric Abitbol) and SELAR FHB (Maître Hélène Bourbouloux) as administrators to oversee the implementation of the plan.

The Paris Commercial Court has also decided, in accordance with Article L. 626-14 of the French Commercial Code, that all assets owned by the Company will be non-transferable during the duration of the safeguard plan, except as specifically provided by the Court decision notably to allow for the proper execution of the safeguard plan.

III.
Other significant events of the year

Loan of Casino securities from Alpétrol, Cobivia and HMB

In October 2018 and February 2019, Rallye signed securities lending agreements with its subsidiaries Alpétrol, Cobivia and HMB covering a total of 16,269,505 Casino shares representing 15% of Casino's share capital (at 31 December 2018: 6.7 million Casino shares representing 6.2% of Casino's share capital). On 19 December 2019, the three securities lending agreements were amended to extend their terms to 31 December 2021.

As part of the management of its financing, the extension of the agreements has enabled Rallye to strengthen its pledges for bank loans and credit lines.

Financial liabilities

On 11 March 2019, Rallye redeemed a €300 million bond issue that matured in March 2019.

Groupe GO Sport

At 31 December 2019, in light of the ongoing disposal of Groupe GO Sport and the offers received, Rallye decided to write down its investment in Groupe GO Sport in full. The accounting impacts of the write-down were impairment losses of €92.3 million on "Investments in subsidiaries and associates" and €10.2 million on the current account with MFD (shareholder with a 30% stake in Groupe GO Sport).

IV.
Notes on items in the financial statements

Note 1
Operating income (loss)

1.1. Breakdown

(€ millions)	2019	2018
Net revenue		
– Services	2.6	3.1
– Financial services	0.4	0.5
Operating income	**3.0**	**3.6**
Other purchases and external expenses	(44.6)	(21.9)
Taxes and duties	(0.3)	(0.3)
Payroll expenses	(6.9)	(6.0)
Net additions to (reversals of):		
– depreciation and amortisation of property, plant and equipment and intangible assets		(0.1)
– amortisation of debt issuance costs	(19.4)	(7.7)
– impairment of receivables	(10.2)	
– provisions for risks and liabilities	(0.1)	(0.1)
Other operating expenses	(0.3)	(0.2)
Operating expenses	**(81.9)**	**(36.3)**
Operating income (loss)	**(78.9)**	**(32.7)**

Revenue is chiefly generated in France and mainly comprises services to subsidiaries.

Other purchases and external expenses mainly include bank commissions and fees. The €22.7 million increase in 2019 reflects the initiation of the safeguard proceedings at Rallye and the expenses incurred in that respect.

Other operating expenses mainly concern Directors' fees paid to the Company's Directors.

Expense transfers are recorded by type within "Other purchases and external expenses" and concern debt issuance costs of €0.9 million in 2019 and €17.9 million in 2018.

The increase in amortisation of debt issuance costs is partially due to the early termination of credit lines for which accelerated amortisation had been recorded.

The €10.2 million addition to impairment of receivables in 2019 concerns the current account with Miramont Finance et Distribution (MFD), which was written down in view of the negative net worth of MFD in 2019 following the write-down of its investment in Groupe GO Sport (see "Other significant events of the year").

1.2. Number of employees and compensation paid to Directors and management

	31 December 2019	31 December 2018
Managers	20	22
Employees		1
Total average number of employees	**20**	**23**
Compensation awarded to Directors *(€ millions)*	1.9	1.3

Note 2
Net financial income (expense)

2.1. Breakdown

(€ millions)	2019	2018
Income from investments in subsidiaries and associates	56.5	113.1
Reversals of financial provisions (note 2.2)	6.6	24.3
Interest and similar income (note 2.3)	72.8	100.5
Financial income	**136.0**	**237.8**
Interest and similar expenses (note 2.4)	(131.1)	(139.4)
Additions to financial provisions (note 2.2)	(108.5)	(16.2)
Financial expenses	**(239.7)**	**(155.6)**
Net financial income (expense)	**(103.7)**	**82.2**

In 2019, income from investments in subsidiaries and associates comprised dividends received from Casino in the amount of €56.5 million, corresponding to the final dividend for 2018.

In 2018, income from investments in subsidiaries and associates also consisted of dividends received from Casino in a total amount of €113.1 million, including the €56.5 million final dividend for 2017 and a €56.5 million interim dividend for 2018.

2.2. Breakdown of provisions and impairment

Reversals of financial provisions in 2019 concern unrealised losses recorded in 2018 on:

- the two total return swaps (TRSs) on Mercialys shares which were unwound in 2019 for €4.3 million;
- Rallye shares held under the liquidity agreement at the end of the previous year for €2.2 million.

Additions to depreciation, amortisation, impairment and provisions for the year primarily concern:

- investments in subsidiaries and associates for €105.5 million (of which €71.5 million for Groupe GO Sport shares, €20.8 million for MFD shares, €13.1 million for Parande shares and €0.1 million for Magasins Jean shares);
- the amortisation of early redemption premiums on bonds for €2.2 million and redemption premiums on bonds redeemed at maturity for €0.2 million.

Movements in provisions and impairment in 2018 were primarily attributable to:

- the impairment of the investments in Parande for €3.6 million, MFD for €0.7 million and Magasins Jean for €0.2 million;
- the 2020 exchangeable bond redemption premium for €3.2 million;
- the amortisation of early redemption premiums on bonds for €2.2 million and redemption premiums on bonds redeemed at maturity for €0.1 million;
- the provisions on Rallye shares held under the liquidity agreement at the end of the previous year for €1.8 million;
- unrealised losses on the two TRSs on Mercialys shares for €4.3 million.

Reversals of provisions in 2018 concerned a swaption for €0.1 million and the redemption premium on the 2020 exchangeable bond, virtually all of which (€24.2 million) was redeemed ahead of maturity.

2.3. Breakdown of interest and similar income

(€ millions)	2019	2018
Interest on current accounts	31.7	79.5
Financial income on interest rate hedging instruments	14.5	8.0
Miscellaneous financial income	26.6	13.0
Interest and similar income	**72.8**	**100.5**

Interest on current accounts concerns interest on advances under the centralised cash management system. In 2019, the €47.8 million decrease in interest on current accounts reflects the initiation of the safeguard proceedings at Cobivia, HMB and Alpétrol. As of the date of the Court decision initiating the these proceedings (23 May 2019 for Cobivia and HMB and 17 June 2019 for Alpétrol), the current accounts with these subsidiaries no longer generate any interest.

Financial income on interest rate hedging instruments increased by €6.5 million, partially as a result of the balancing payments received following the early unwinding of the instruments.

In 2019, miscellaneous financial income primarily comprised:

- the income from Casino securities borrowed by Rallye from Cobivia, HMB and Alpétrol for €25.4 million;
- the dividends received in respect of the two TRSs on Mercialys shares for €1.1 million.

In 2018, miscellaneous financial income included the income from Casino securities borrowed by Rallye from Alpétrol for €10.4 million and the dividends received in respect of the two TRSs on Mercialys shares for €2.2 million.

2.4. Breakdown of interest and similar expenses

(€ millions)	**2019**	2018
Interest on financial liabilities	**(89.3)**	(93.3)
Interest on current accounts		(0.2)
Financial expenses on interest rate hedging instruments	**(4.4)**	(2.8)
Miscellaneous financial expenses	**(37.4)**	(43.2)
Interest and similar expenses	**(131.1)**	**(139.4)**

In 2019, miscellaneous financial expenses mainly comprised:

- the transfer to Cobivia, HMB and Alpétrol of income from borrowed Casino securities for €25.4 million;
- the unwinding of the two TRSs on Mercialys shares for €7.3 million;
- the deferral of an option premium for €4.7 million.

In 2018, miscellaneous financial expenses mainly comprised:

- the transfer to Alpétrol of income from borrowed Casino securities for €10.4 million;
- the deferral of an option premium for €4.7 million;
- the 2020 exchangeable bond redemption premium paid in advance in the amount of €24.2 million.

Note 3
Net non-recurring income (expense)

(€ millions)	**2019**	2018
Gains (losses) on disposals of financial assets[1]		(2.5)
Reversals of (additions to) provisions	**(7.5)**	
Other non-recurring income (expenses)	**(0.1)**	
Net non-recurring income (expense)	**(7.7)**	**(2.5)**

(1) Gains (losses) on disposals of financial assets in 2018 concerned the sale of Rallye shares held under the liquidity agreement (see note 6.4).

Additions to provisions for the year mainly concern late penalties that could be applied by financial institutions following the initiation of the safeguard proceedings at Rallye.

Note 4
Income tax

Rallye is the head of the tax consolidation group. In 2019, the tax group recorded a loss. Accordingly, no tax expense was recorded. Rallye would not have been taxable had it not elected for group relief.

At 31 December 2019, the tax group had tax loss carryforwards amounting to €2,765 million, which may be carried forward indefinitely. Long-term capital loss carry-forwards amounting to €0.2 million were recorded within the tax consolidation group and may be offset against the same type of long-term gains until 31 December 2027.

Note 5
Intangible assets and property, plant and equipment

5.1. Breakdown

(€ millions)	31 December 2019	31 December 2018
Intangible assets, gross	0.1	0.1
Amortisation	(0.1)	(0.1)
Intangible assets, net		
Land		0.1
Buildings	0.3	0.3
Other property, plant and equipment	0.2	0.2
Property, plant and equipment, gross	**0.5**	**0.6**
Depreciation	(0.5)	(0.4)
Property, plant and equipment, net	**0.1**	**0.2**
Intangible assets and property, plant and equipment, net	**0.1**	**0.2**

5.2. Movements

(€ millions)	Gross	Depreciation and amortisation	Net
At 1 January 2018	**0.8**	**(0.5)**	**0.2**
Increases		(0.1)	(0.1)
Decreases			
At 31 December 2018	**0.7**	**(0.6)**	**0.2**
Increases		(0.1)	
Decreases	(0.1)		(0.1)
At 31 December 2019	**0.7**	**(0.6)**	**0.1**

Note 6
Long-term investments

6.1. Breakdown

(€ millions)	31 December 2019	31 December 2018
Investments in subsidiaries and associates	3,929.0	3,929.0
Technical losses from merger transactions allocated to investments in subsidiaries and associates[1]	54.6	54.6
Impairment	(772.3)	(666.8)
Investments in subsidiaries and associates, net	**3,211.3**	**3,316.8**
Other long-term investments	0.1	0.6
Borrowed securities[2]	678.4	
Treasury shares		17.2
Impairment of treasury shares		(2.2)
Other long-term investments, net	**678.5**	**15.5**
Long-term investments, net	**3,889.9**	**3,332.3**

(1) Technical losses from merger transactions are allocated to Casino shares.
(2) 16,269,505 Casino securities borrowed from Alpétrol, Cobivia and HMB, representing 15% of Casino's share capital and measured at the share price at 31 December 2019.

In October 2018, Rallye signed a securities lending agreement with Alpétrol covering 6.7 million Casino securities (representing 6.2% of Casino's share capital). The borrowed securities were initially recognised within "Marketable securities", as the agreement matured within less than one year. In 2019, the agreement was extended until 31 December 2021 and the borrowed securities were reclassified to "Long-term investments".

In February 2019, Rallye signed two further securities lending agreements with its subsidiaries Cobivia and HMB covering 6.9 million and 2.7 million Casino securities, respectively (representing 6.3% and 2.5% of Casino's share capital). The agreements mature on 31 December 2021.

6.2. Movements

(€ millions)	Gross	Provisions	Net
At 1 January 2018	**3,934.6**	**(662.3)**	**3,272.3**
Increases	49.0	(4.5)	44.4
Decreases			
At 31 December 2018	**3,983.6**	**(666.8)**	**3,316.8**
Increases		(105.5)	(105.5)
Decreases			
At 31 December 2019	**3,983.6**	**(772.3)**	**3,211.3**

In 2019, the impairment loss of €105.5 million primarily concerns Groupe GO Sport, MFD and Parande shares (see notes 2.2 and 6.3).

In 2018, the increase in investments in subsidiaries and associates of €49 million was attributable to the physical settlement of an equity swap concerning 840,495 Casino shares.

6.3. Impairment of investments in subsidiaries and associates

In application of the accounting policies set out in note 1.2, shares are remeasured at value in use. Impairment losses are recorded when their carrying amount exceeds value in use. Value in use is determined on the basis of several criteria depending on the activities of the companies concerned.

At 31 December 2019, Rallye performed impairment tests on each of its investments, including the allocated portion of technical losses, by comparing their net carrying amount to their recoverable amount based on value in use. These tests led to the recognition of impairment losses of €105.5 million, including €71.5 million for Groupe GO Sport shares (see section III, "Other significant events of the year"), €20.8 million for MFD shares, €13.1 million for Parande shares and €0.1 million for Magasins Jean shares (note 2.2).

At 31 December 2019, during the annual asset impairment test, the historical value of Rallye's stake in the share capital of Casino was compared to its value in use and did not give rise to the recognition of an impairment loss.

The value in use of Casino shares is estimated using a multicriteria method using:

- the present value of future cash flows net of debt;
- comparable multiples (sales and profitability indicators), to which a control premium of 25% is applied.

This multicriteria method is based on market inputs which are, by definition, subject to fluctuations.

In 2019, the value in use of Casino shares was calculated on the basis of a perpetual growth rate of 3% (as in 2018) and a discount rate of 8.4% (8.2% in 2018). A 25-basis point increase or decrease in the perpetual growth rate used to calculate terminal value would not have led to the recognition of an impairment loss.

A list of the Company's subsidiaries and associates is provided at the end of the notes to the financial statements.

6.4. Treasury shares

Rallye signed a new liquidity agreement with Rothschild Martin Maurel, which came into effect on 1 January 2019 and replaced the previous agreement dated 10 June 2005. The new agreement takes into account the changes in regulations governing such agreements, and complies with AMF decision 2018-01 dated 2 July 2018.

On 24 May 2019, Rallye announced that it had terminated this liquidity agreement.

Changes in the value of shares held under the liquidity agreement or held for cancellation break down as follows:

	2019			2018		
(€ millions)	**Treasury shares held under the liquidity agreement**	**Treasury shares held for cancellation**	**Total**	Treasury shares held under the liquidity agreement	Treasury shares held for cancellation	Total
Gross value at 1 January	**14.4**	**2.8**	**17.2**	**8.1**		**8.1**
Purchases	1.5		1.5	16.1	18.6	34.7
Sales	(0.9)		(0.9)	(9.8)		(9.8)
Cancellations	(14.9)	(2.8)	(17.7)		(15.8)	(15.8)
Gross value at 31 December				**14.4**	**2.8**	**17.2**
Provision at 1 January	**(2.2)**		**(2.2)**	**(0.5)**		**(0.5)**
Additions				(1.8)		(1.8)
Reversals	2.2		2.2			
Provision at 31 December				**(2.2)**		**(2.2)**
Net value of Rallye shares				**12.1**	**2.8**	**14.9**

Changes in the number of shares held under the liquidity agreement or held for cancellation break down as follows:

	2019			2018		
	Treasury shares held under the liquidity agreement	Treasury shares held for cancellation	Total	Treasury shares held under the liquidity agreement	Treasury shares held for cancellation	Total
Number of shares held at 1 January	**1,335,546**	**309,572**	**1,645,118**	**513,000**		**513,000**
Purchases	**140,802**		**140,802**	1,452,349	1,973,407	3,425,756
Sales	**(83,802)**		**(83,802)**	(629,803)		(629,803)
Cancellations and transfers	**(1,392,546)**	**(309,572)**	**(1,702,118)**		(1,663,835)	(1,663,835)
At 31 December				**1,335,546**	**309,572**	**1,645,118**

Note 7
Receivables

The amounts and maturities of the receivables recorded in the statement of financial position break down as follows:

(€ millions)	31 December 2019	31 December 2018
Non-current receivables	**0.1**	
Trade receivables	**32.5**	80.1
Current account advances[1]	**1,236.4**	1,280.1
Tax and employee-related receivables	**4.9**	1.4
Other operating receivables	**9.8**	22.8
Current receivables	**1,283.6**	**1,384.3**
Prepaid expenses	**0.1**	**0.3**
Maturity of net receivables[1]:		
- due within one year	**39.3**	89.9
- due in more than one year	**1,244.5**	1,294.8

(1) For current account advances, the maturities reflect the approval of the safeguard plans for Cobivia, HMB and Alpétrol on 28 February 2020. Under these plans, the companies' liabilities will be repaid over a maximum period of ten years. At 31 December 2019, excluding the approval of the safeguard plans after the reporting date, net receivables due within one year would have amounted to €1,219 million and net receivables due in more than one year would have totalled €64.8 million.

Current account advances are granted by Rallye to its subsidiaries as part of the centralised cash management system (classified as due in more than one year at 31 December 2018).

In 2019, other operating receivables concern a €9.8 million premium on the Casino call option. In 2018, other operating receivables included security deposits paid in connection with the Mercialys TRSs for €5.2 million, a €14.5 million premium on the Casino call option and €3.1 million in accrued interest on hedging instruments.

Note 8
Financial instruments

In application of the accounting policies set out in note 1.9, financial instruments are measured at fair value in the statement of financial position by debiting or crediting a suspense account included in accruals and other assets or liabilities.

In 2019, Rallye unwound all of the financial instruments held in 2018: the two TRSs on Mercialys shares, two cross-currency swaps and a swaption.

8.1. Financial instruments – assets

Derivative financial instruments carried at fair value within assets at 31 December 2018 comprised:

- a swaption maturing in April 2019 for €0.4 million;
- a cross-currency swap for €3.4 million hedging a CHF 95 million bond.

8.2. Financial instruments – liabilities

Derivative financial instruments carried at fair value within liabilities at 31 December 2018 concerned:

- the two TRSs on Mercialys shares for €4.3 million;
- a cross-currency swap for €3 million hedging a CHF 75 million bond.

Note 9
Marketable securities and cash and cash equivalents

Marketable securities and cash and cash equivalents break down as follows:

(€ millions)	**31 December 2019**	31 December 2018
Casino securities (securities lending)		242.8
Marketable securities[1]	**82.0**	
Cash[2]	**86.9**	160.6
Gross cash and cash equivalents	**168.9**	**403.5**

(1) At 31 December 2019, "Marketable securities" primarily comprises money-market funds pledged as collateral for a €202 million line of credit.
(2) At 31 December 2019, "Cash" includes €20.8 million of cash pledged as collateral for bank debt (€5.8 million to guarantee liabilities under a structured derivatives transaction not included in the safeguard plan and €15 million to guarantee bank debt). At 31 December 2018, cash pledges amounted to €100 million.

In October 2018, Rallye signed a securities lending agreement with its subsidiary Alpétrol covering 6.7 million Casino securities (representing 6.2% of Casino's share capital). In 2019, the agreement was amended to extend its term to December 2021. The securities were reclassified to "Other long-term investments" (see note 6).

Note 10
Accruals and other assets and liabilities

10.1. Accruals and other assets

(€ millions)	31 December 2019	31 December 2018
Deferred loan arranging fees and bond early redemption premiums	10.0	30.7
Bond redemption premiums	0.2	0.3
Unrealised losses[1]	67.7	6.6
Foreign currency translation reserves	3.5	
Accruals and other assets	**81.4**	**37.5**
Of which:		
- due within one year	77.2	21.9
- due in more than one year	4.2	15.6

(1) Unrealised losses concern the adjustment to the closing price of the Casino securities borrowed by Rallye from its subsidiaries.

10.2. Accruals and other liabilities

(€ millions)	31 December 2019	31 December 2018
Unrealised gains[1]	67.7	2.3
Foreign currency translation reserves	2.9	
Accruals and other liabilities	**70.6**	**2.3**

(1) Unrealised gains concern the adjustment to the closing price of the Casino securities borrowed by Rallye from its subsidiaries.

Note 11
Shareholders' equity

11.1. Breakdown

At 31 December 2019, share capital amounted to €156,545,307, made up of 52,181,769 shares with a par value of €3.

(€ millions)	31 December 2019	31 December 2018
Share capital	156.5	161.2
Share issue, merger and contribution premiums	1,482.6	1,495.7
Legal reserve	16.1	15.6
Tax-driven reserves	1.4	1.4
Other reserves	23.7	23.7
Retained earnings	37.4	43.0
Net income (loss) for the year	(190.3)	47.1
Shareholders' equity	**1,527.6**	**1,787.7**

11.2. Changes in shareholders' equity

(€ millions)	2019	2018
At 1 January	**1,787.7**	**1,774.5**
Increase in capital	**0.4**	10.0
Reduction in capital	**(5.1)**	(5.0)
Share issue premium	**(13.0)**	12.4
Dividend paid	**(52.2)**	(51.2)
Net income (loss) for the year	**(190.3)**	47.1
At 31 December	**1,527.6**	**1,787.7**

At 31 December 2019, the increase in capital reflects the issuance of shares under a free share plan that matured in 2019, while the €5.1 million reduction in capital was due to the cancellation of 1,702,118 treasury shares.

Changes in the 2019 share issue premium were attributable to a €0.4 million decrease as a result of the issuance of shares and a €12.6 million decrease following the cancellation of treasury shares.

In 2018, the increase in capital reflected the 2017 scrip dividend option (€9.2 million) and the issuance of shares under the two free share plans that matured in 2018 (€0.8 million). The €5 million reduction in capital was due to the cancellation of 1,663,835 treasury shares.

Changes in the 2018 share issue premium were attributable to €24 million increase following the payment of scrip dividends, a €0.8 million decrease as a result of the issuance of shares and a €10.8 million decrease following the cancellation of treasury shares.

11.3. Movements in share capital and number of shares

	2019	2018
Number of shares at 1 January	**53,738,266**	**52,064,824**
Issuance of shares	**145,621**	278,330
Cancellation of shares	**(1,702,118)**	(1,663,835)
Scrip dividends		3,058,947
Number of shares at 31 December	**52,181,769**	**53,738,266**

11.4. Potential dilution

	31 December 2019	31 December 2018
Number of shares	**52,181,769**	**53,738,266**
Free shares to be issued	**437,158**	368,564
Total number of potential shares	**52,618,927**	**54,106,830**

11.5. Securities carrying rights to shares of the Company

A breakdown of free share plans at 31 December 2019 is provided in the following table:

Grant date	23 May 2018	15 May 2019
End of vesting period	23 May 2020	15 May 2021
End of lock-up period	23 May 2022	15 May 2023
Number of shares initially awarded	222,943	263,896
Number of shares that may be issued or purchased	191,466	245,692
Number of shares cancelled	31,477	18,204
Value of shares at time of award *(in €)*	9.61	5.97
Service condition	Yes	Yes
Performance conditions	Yes	Yes

Note 12
Provisions

12.1. Breakdown

(€ millions)	31 December 2019	31 December 2018
Provision for financial instruments		4.3
Provision for miscellaneous risks	8.1	
Provision for redemption premiums	0.4	0.3
Provision for pension commitments	0.7	0.6
Provisions	**9.2**	**5.3**

The provision for miscellaneous risks includes €7.5 million for late penalties that Rallye may be required to pay to financial institutions in connection with the safeguard proceedings and €0.6 million relating to the negative net worth of its subsidiary MFD.

12.2. Movements

(€ millions)	2019	2018
At 1 January	**5.3**	**21.9**
Additions	8.2	7.7
Reversals	(4.3)	(24.3)
At 31 December	**9.2**	**5.3**
Of which reversals (additions) – operating	*(0.1)*	
- financial	*3.7*	*16.6*
- non-recurring	*(7.5)*	

Reversals for the year concern the fair value of the TRSs on Mercialys shares unwound during the year for €4.3 million.

Note 13
Financial liabilities

13.1. Breakdown of financial liabilities

(€ millions)	31 December 2019	31 December 2018
Bonds	1,211.2	1,516.9
Bank borrowings	1,832.3	1,492.7
Commercial paper and other financial liabilities	58.5	92.3
Borrowings and financial liabilities[1]	**3,102.1**	**3,101.8**

(1) Of which €69.4 million in accrued interest at 31 December 2019 and €49.6 million at 31 December 2018.

13.2. Maturity of financial liabilities

The draft safeguard plan under approval by the Paris Commercial Court at 31 December 2019 proposed a ten-year liabilities repayment schedule. The Paris Commercial Court approved the safeguard plan on 28 February 2020.

For the liabilities that fall within the scope of the safeguard proceedings, the following maturities reflect the proposals for the repayment of Rallye's liabilities as set out in the safeguard plan.

(€ millions)	31 December 2019	31 December 2018
Liabilities within the scope of the safeguard proceedings[1]:	**2,968.0**	**3,101.8**
Due within one year[2]	**97.0**	511.8
Due in one to five years	**1,322.1**	2,505.8
Due in more than five years	**1,548.9**	84.3
Financial liabilities under derivatives transactions:	**134.1**	
Due within one year[2]	**5.8**	
Due in one to five years	**128.3**	
Due in more than five years		
Total financial liabilities	**3,102.1**	**3,101.8**

(1) Corresponds to financial liabilities at the initiation of the safeguard proceedings in the amount of €2,923 million, plus accrued interest since that date in the amount of €49 million and excluding €4 million recorded under "Other liabilities". At 31 December 2019, excluding the approval of the safeguard plan, liabilities due within one year would have amounted to €2,968 million.
(2) Settled by deducting the amount due from the cash pledged as collateral for the liabilities (see note 9).

13.3. Breakdown of borrowings

			Nominal amount *(€ millions)*	
	Rate	Issue date	31 December 2019	31 December 2018
2019 bond	Fixed 4.25%	March 2013		300.0
2020 bond	Fixed 1.00%	October 2013	**4.6**	4.6
2021 bond	Fixed 4.00%	April 2014	**464.6**	464.6
2020 CHF bond[1]	Fixed 4.00%	November 2016	**66.7**	66.6
2022 bond	Fixed 5.25%	October 2016	**200.0**	200.0
2023 bond	Fixed 4.37%	May 2017	**350.0**	350.0
2024 CHF bond[2]	Fixed 3.25%	February 2018	**84.4**	84.3
Accrued interest			**44.4**	46.8
Total bonds			**1,214.7**	**1,516.9**
Other bank borrowings	Fixed/Variable[4]		**440.0**	540.0
Derivatives transactions[3]	Fixed		**130.9**	
Drawn credit lines	Variable[4]		**1,233.0**	950.0
NEU CP	Fixed/Variable		**58.5**	92.2
Accrued interest			**25.0**	2.8
Total other borrowings and financial liabilities			**1,887.4**	**1,585.0**
Total financial liabilities			**3,102.1**	**3,101.8**

(1) The nominal amount corresponds to the CHF 75 million bond issue converted at the exchange rate prevailing at the date of the initiation of the safeguard proceedings at Rallye. The cross-currency swap hedging the bond has been unwound.
(2) The nominal amount corresponds to the CHF 95 million bond issue converted at the exchange rate prevailing at the date of the initiation of the safeguard proceedings at Rallye. The cross-currency swap hedging the bond has been unwound.
(3) Not within the scope of the safeguard plan. A repayment of €12.7 was made on 31 December 2019 by deducting said amount from the cash pledged as collateral for one of the two derivatives transactions. The derivatives transactions bear interest at 3.5% and 4%.
(4) Interest on variable-rate liabilities is based on Euribor plus a contractual spread.

13.4. Exposure to risks

› Interest rate risk

Of the total gross financial liabilities (excluding accrued interest) of €3,032.7 million outstanding at 31 December 2019, €1,461.2 million was at fixed rates and €1,571.5 million was at variable rates.

› Liquidity risk

Loans and credit lines may be secured by guarantees such as pledges of Casino shares or cash deposits. At 31 December 2019, 49,812,117 Casino shares were pledged to financial institutions as collateral for loans and credit lines, while money-market funds and cash in the amount of €102.8 million were pledged as collateral for bank debt (see note 9).

› Equity risk

Rallye holds a 33.4% direct stake in the share capital of Casino, Guichard-Perrachon (listed on Euronext Paris, in compartment A) and an 18.9% indirect stake through its subsidiaries Cobivia, HMB and Alpétrol. In application of the accounting policies set out in section 1.2, the shares were tested for impairment during the year, but the tests did not give rise to the recognition of any impairment losses at 31 December 2019.

The direct and indirect stake in Casino's share capital represented 56.7 million securities at 31 December 2019:

- 43,988,424 Casino shares representing 40.6% of Casino's share capital were pledged to financial institutions as collateral for loans and lines of credit;
- 9,468,255 Casino shares representing 8.7% of Casino's share capital were pledged under derivatives transactions.

Note 14

Accounts payable and other liabilities

(€ millions)	31 December 2019	31 December 2018
Accounts payable[1]	**29.2**	**7.7**
Current account advances	**1.0**	2.0
Securities lending[2]	**679.7**	243.1
Miscellaneous liabilities[3]	**4.4**	1.7
Other liabilities	**685.1**	**246.7**
Financial instruments		**7.3**
Deferred income		**2.9**
Maturity of accounts payable and other liabilities[4]:		
- due within one year	**30.4**	263.7
- due in more than one year	**683.9**	0.9

(1) Of which €24.4 million in accrued expenses at 31 December 2019 and €6 million in accrued expenses at 31 December 2018.
(2) Liabilities relating to Casino securities borrowed by Rallye from its subsidiaries Cobivia, HMB and Alpétrol (see note 6).
(3) Of which €0.3 million in accrued expenses at 31 December 2019 and €1.2 million in accrued expenses at 31 December 2018.
(4) At 31 December 2019, excluding the approval of the safeguard plan on 28 February 2020, accounts payable and other liabilities due within one year would have amounted to €34 million and accounts payable and other liabilities due in more than one year would have totalled €680.3 million.

Current account advances comprise:

- advances received from Rallye subsidiaries as part of the centralised cash management system: €0.2 million at 31 December 2019 and €0.9 million at 31 December 2018 (classified as due in more than one year at 31 December 2018);
- advances received within the tax consolidation group in respect of the competitiveness and employment tax credit (CICE) for 2016 to 2018.

Note 15
Off-balance sheet commitments

Off-balance sheet commitments entered into in the ordinary course of business break down as follows:

(€ millions)	31 December 2019	31 December 2018
Interest rate hedging instruments (nominal amount)		729.2
Currency hedging instruments (nominal amount)		150.4
Total reciprocal commitments		**879.6**
Bonds and guarantees given to banks	**79.9**	130.0
Debt redemption premiums	**0.4**	0.3
Other commitments given		10.3
Total commitments given	**80.3**	**140.6**
Other commitments received		3.6
Total commitments received		**3.6**

At 31 December 2019, Rallye had pledged 49,812,117 Casino shares as well as the securities in Groupe GO Sport, MFD and Parande to banks.

Note 16
Related companies and related parties

Related companies are fully consolidated Rallye Group companies.

The items in the statement of financial position and income statement that concern related companies are as follows:

(€ millions)	31 December 2019
Assets	
Long-term investments, net	**3,889.8**
Receivables, net	**1,268.9**
Liabilities	
Other liabilities	**681.0**
Income statement	
Investment income	**56.5**
Other financial income	**58.2**
Financial expenses	**26.4**

Related parties include entities likely to be fully consolidated, parent companies, members of the Board of Directors and members of the Management Committee, and all jointly controlled entities or entities over which Rallye exercises joint control or significant influence.

As part of the day-to-day management of the Group, Rallye has arm's length business relationships with its related parties.

Note 17
Consolidation

Rallye prepares consolidated financial statements. The parent company financial statements are in turn included in the consolidated financial statements of Foncière Euris, whose registered office is located at 83, rue du Faubourg Saint-Honoré – 75008 Paris – France (Siren no. 702 023 508).

IV.
Subsequent events

Approval of the safeguard plans of Rallye, Cobivia, HMB, Alpétrol, Foncière Euris, Finatis and Euris

On 2 March 2020, Rallye, HMB, Alpétrol, Cobivia, Foncière Euris, Finatis and Euris announced that the Paris Commercial Court had approved their safeguard plans on 28 February 2020 (see section II, "Rallye safeguard proceedings").

Refinancing of the Rallye, Cobivia and HMB derivatives transactions

The refinancing is described in section II, "Rallye safeguard proceedings".

Table of subsidiaries and associates

(€ millions)	Share capital	Shareholders' equity excluding share capital	Ownership (as a %)	Carrying amount of shares owned		Outstanding loans and advances granted by the Company	Sureties and guarantees granted by the Company	2019 net revenue	2019 net income (loss)	Dividends received by the Company during the year
				Gross	Net					
A - Subsidiaries[1] (at least 50%-owned)										
Cobivia	31.8	(7.5)	100%	124.1	124.1	560.0	48.0		(0.8)	
Groupe GO Sport	45.0	89.5	69.83%	181.8			2.5	69.6		
L'Habitation Moderne de Boulogne	99.7	(109.9)	100%	187.6	187.6	456.6	29.4		(10.5)	
Magasins Jean	0.3	0.0	100%	2.2	0.3	2.0		5.6	(0.1)	
Miramont Finance et Distribution	35.7	(46.5)	100%	307.5		10.2[1]			(31.6)	
Parande	12.1	(17.5)	100%	303.8	33.1	54.2			(7.1)	
B - Associates[2] (10% to 50%-owned)										
Casino, Guichard-Perrachon	165.9	7,956.5	33.42%[3]	2,811.0	2,811.0					
C - Other subsidiaries and associates										
Subsidiaries other than in A				0.6	0.6	0.5				
Associates other than in B										

(1) The €10.2 million current account between Rallye and MFD has been written down in full.
(2) The carrying amount of which is more than 1% of Rallye's share capital.
(3) This percentage does not take into account the Casino shares loaned to Rallye and representing 15% of Casino's share capital.

Five-year financial summary

(in €)	31 December 2019[1]	31 December 2018	31 December 2017	31 December 2016	31 December 2015
1 – Financial position at end of the year					
Share capital	**156,545,307**	161,214,798	156,194,472	146,493,339	146,335,578
Number of existing ordinary shares	**52,181,769**	53,738,266	52,064,824	48,831,113	48,778,526
Maximum number of shares to be issued:					
– on the exercise of stock options					
– on the allotment of free shares	**437,158**	368,564	423,951	337,985	260,109
2 – Operations and income (loss) for the year					
Net revenue	**3,043,810**	3,600,314	1,287,943	2,710,879	1,323,730
Income (loss) before tax, employee profit-sharing and depreciation, amortisation and provisions	**(51,131,720)**	48,631,565	78,285,076	120,102,986	70,011,354
Income tax benefit (expense)			9,505,967	(2,677,941)	(2,676,569)
Income (loss) after tax, employee profit-sharing and depreciation, amortisation and provisions	**(190,258,900)**	47,072,388	57,987,609	105,577,813	54,975,090
Distributed earnings[1]		53,738,266	52,064,824	68,363,558	89,264,703
3 – Per share data					
Earnings (loss) per share after tax, employee profit-sharing, but before depreciation, amortisation and provisions	**(0.98)**	0.90	1.50	2.46	1.44
Earnings (loss) per share after tax, employee profit-sharing and depreciation, amortisation and provisions	**(3.65)**	0.88	1.11	2.16	1.13
Dividend per share		1.00	1.00	1.40	1.83
4 – Employee data					
Average number of employees during the year	**20**	23	23	23	23
Total payroll	**4,744,913**	4,030,170	4,427,015	4,442,149	4,024,248
Total benefits	**2,191,310**	2,006,102	1,794,486	2,086,616	1,799,231

(1) Subject to the approval of the financial statements by the Shareholders' Meeting.

Statutory auditors' special report on related-party agreements

This is a translation into English of the Statutory Auditors' special report on related-party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2019

To the Shareholders of Rallye S.A.,

In our capacity as Statutory Auditors of Rallye, we hereby report to you on related-party agreements.

It is our responsibility to report to the shareholders, based on the information provided to us, on the main terms and conditions of the agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements submitted to the Shareholders' Meeting for approval

We were not informed of any agreement authorised and entered into during the year to be submitted for approval at the Shareholders' Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements already approved by the Shareholders' Meeting

Agreements approved in prior years

› a) which were implemented during the year

In accordance with Article R. 225-30 of the French Commercial Code, we were informed of the following agreements approved by the Shareholders' Meeting in prior years which remained in force and were implemented during the year.

1) Consulting agreement with Euris, the parent of the Company

Person concerned

Mr. Jean-Charles Naouri, Chairman of your Company and of Euris. Euris indirectly holds more than 10% of your Company's voting rights and therefore is a controlling shareholder within the meaning of Article L. 233-3 of the French Commercial Code.

Nature and purpose

At its meeting of 15 October 2003, the Board of Directors authorised Rallye to enter into a strategic advisory and routine and customary technical assistance services agreement with Euris, the Group's parent company, which was approved by the Shareholders' Meeting of 9 June 2004.

The strategic advisory assignment is defined and organised under the agreement of 17 October 2003 and its amendments No. 1, No. 2, No. 3 and No. 4 dated 16 June 2008, 28 January 2015, 16 December 2016 and 14 March 2017, respectively, as follows:

- term of the agreement set at three years, with effect from 1 January 2017;
- continued application of the same billing terms and conditions for Euris, which are based on the strategic advisory costs incurred by Euris being allocated among the Group subsidiaries, by applying the most generally accepted allocation keys, corresponding to, in the case of holding companies, the pro-rated capital employed by each of them, namely shareholders' equity and net debt, plus a 10% surcharge;
- annual revision of the invoiced amounts based on changes in Euris' strategic advisory costs (compensation and overhead costs) and of the Company's percentage in the allocation key.

Renewing and extending the term of Euris' strategic advisory services enables the Company to ensure that it will continue to benefit, over the long term, from high-level expertise and resources in matters of finance, legal affairs, taxation, strategic growth and market environments, under favourable conditions whose economic relevance, overall balance and suitability to the nature of the subsidiaries' operations have been confirmed by external experts.

Terms and conditions

With respect to the year ended 31 December 2019, and after being revised to reflect the change in Euris' strategic advisory costs and in the Company's pro-rated capital employed within the Group, in accordance with the provisions of amendment No. 4, the amount invoiced came to €2,150,000, excluding taxes, which was recognised by the Company as an expense for the year.

This agreement expired on 31 December 2019.

› b) which were not implemented during the year

In addition, we were informed of the following agreements approved by the Shareholders' Meeting in prior years which remained in force but were not implemented during the year.

1) Guarantee in respect of S.C.I. Ruban Bleu Saint-Nazaire, an indirect subsidiary of the Company

Nature and purpose

At its meeting of 27 August 2009, the Board of Directors authorised the Company to give an independent first demand guarantee to Locindus for the payment of rent and related expenses owed by S.C.I. Ruban Bleu Saint-Nazaire under a 12-year lease agreement for an annual sum of €2.5 million.

Terms and conditions

This guarantee was not enforced during 2019.

2) Guarantee in respect of Foncière Euris, the parent of the Company

Nature and purpose

At its meeting of 9 December 2009, in connection with the sale of the "Alexa" shopping centre in Berlin to the German real estate fund, Union Investment, the Board of Directors authorised the guarantee of the seller's commitments under the sale agreement, to the extent of its share ownership (27%), in particular to give a ten-year property title guarantee in respect of the shopping centre and the company sold, capped at the initial price less the assumed liabilities (approximately €100 million).

Terms and conditions

This guarantee was not enforced during 2019 and expired on 29 February 2020.

3) "Alexa" counter-guarantee for Foncière Euris, the parent of the Company

Nature and purpose

At its meeting of 11 March 2010, in connection with the sale of the "Alexa" shopping centre in Berlin to the German real estate fund, Union Investment, the Board of Directors authorised the Company to give a counter-guarantee to the extent of its share ownership, for Foncière Euris, relating to the following commitments:

- a ten-year undertaking to cover 50% of any decline in revenue of between 35% and 40% (the threshold that would trigger a rent adjustment) from Sierra Management Germany, the lessee of the shopping centre's underground parking structure;
- a guarantee of the commitment by EKZ to pay 50% of the costs and expenses incurred by Sierra Developments Germany Holding BV in connection with the management of various pending or future disputes.

Terms and conditions

This guarantee was not enforced during 2019 and expired on 14 February 2020.

The Statutory Auditors

Paris-La Défense, 28 April 2020

KPMG Audit
Department of KPMG S.A.
Jean-Marc Discours
Partner

Ernst & Young et Autres
Henri-Pierre Navas
Partner

Chapter 5

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 26 JUNE 2020

Presentation and draft resolutions

Due to the coronavirus (Covid-19) epidemic and the related government guidelines, and in accordance with French government order no. 2020-321 of 25 March 2020 amending the rules for holding and taking decisions at Shareholders' Meetings in light of said epidemic, **the Shareholders' Meeting will be held behind closed doors at the Company's registered office at 10:30 a.m. on 26 June 2020**, without the physical presence of shareholders and other persons eligible to attend.

The shareholders are therefore invited to vote by post or to give proxy to the Chairman, based on the procedures described in the notice of meeting published in the French legal gazette (*Bulletin des Annonces Légales Obligatoires* – BALO).

As they will not be physically present, the shareholders will not be able to ask questions or propose amendments or new resolutions during the meeting.

Written questions can be sent by registered letter with acknowledgement of receipt or by email under the conditions provided for by the regulations in force.

The shareholders are invited to regularly check the 2020 Ordinary and Extraordinary Shareholders' Meeting section of the Company's website (http://www.rallye.fr/en/shareholders/agms), which will be updated to reflect any regulatory developments prior to the meeting.

Ordinary resolutions

Resolutions 1 and 2: Approval of the parent company and consolidated financial statements

› Presentation

In the 1st and 2nd resolutions, the shareholders are asked to approve the parent company financial statements and the consolidated financial statements of the Company for the year ended 31 December 2019, as well as the transactions recorded in these financial statements.

The Statutory Auditors have issued an unqualified opinion on these financial statements.

First resolution

Approval of the parent company financial statements for the year ended 31 December 2019

The Ordinary Shareholders' Meeting, after reviewing the reports of the Board of Directors and of the Statutory Auditors, approves the parent company financial statements for the year ended 31 December 2019 as presented, together with any and all transactions reported therein or mentioned in said reports, and which show a net loss of €190,258,899.74.

The Shareholders' Meeting duly notes the transfer to "Retained Earnings" of the dividends allocated to the 46,250 shares held by the Company as of 22 May 2019, corresponding to their effective dividend payment date, and totalling €46,250.

The Meeting also notes that the parent company financial statements do not include any of the surplus amortisation or expenses relating to luxury items set out in Article 39-4 of the French Tax Code (*Code général des impôts*).

Second resolution

Approval of the consolidated financial statements for the year ended 31 December 2019

The Ordinary Shareholders' Meeting, after reviewing the reports of the Board of Directors and of the Statutory Auditors, approves the consolidated financial statements for the year ended 31 December 2019 as presented, which show a consolidated net loss of €1,504 million.

Resolution 3: Allocation of the net loss

› Presentation

In the 3rd resolution, the Board of Directors asks you to approve the allocation of the net loss for the year, it being specified that no dividend will be paid in respect of 2019.

Third resolution

Allocation of the net loss for the year

The Ordinary Shareholders' Meeting, on the recommendation of the Board of Directors, resolves to allocate the net loss of €190,258,899.74 for the year ended 31 December 2019 to "Retained earnings", which will subsequently have a debit balance of €152,897,412.81.

The Shareholders' Meeting also notes that the dividend amounts paid to shareholders for the past three years were as follows:

Year ended	Amount[1] *(in €)*
31 December 2016	1.40
31 December 2017	1.00
31 December 2018	1.00

(1) For individuals who are tax residents in France, as mentioned in Article 158-3, paragraph 2 of the French Tax Code, dividends paid in respect of 2016 were eligible for the 40% tax relief. For individuals who are tax residents in France, the 2017 and 2018 dividends were subject to a 30% flat tax rate, comprising 17.20% in social security withholdings and 12.80% in income tax (not eligible for the 40% tax relief), except in cases where taxpayers specifically requested that they be taxed at the progressive income tax rate (eligible for the 40% tax relief).

Resolution 4: Agreements governed by Article L. 225-38 of the French Commercial Code

› Presentation

No new related-party agreements, as governed by Articles L. 225-38 and L. 225-40 of the French Commercial Code (*Code de commerce*), were entered into during 2019.

Fourth resolution

Agreements governed by Article L. 225-38 of the French Commercial Code

The Ordinary Shareholders' Meeting, having reviewed the Statutory Auditors' special report on the agreements governed by Article L. 225-38 of the French Commercial Code, acknowledges that no new related-party agreements were entered into in 2019.

Resolutions 5 to 14: Renewal of the appointments of Directors

› Presentation

The Board of Directors currently comprises eight Directors and two non-voting Directors. Under the terms of the 5th to 14th resolutions, you are asked, on the recommendation of the Appointments and Compensation Committee, to renew the directorships, for a one-year term, of Catherine Fulconis, Anne Yannic, Jean-Charles Naouri, Philippe Charrier and Jacques Dumas, as well as Euris (represented by Odile Muracciole), Finatis (represented by Virginie Grin) and Foncière Euris (represented by Didier Lévêque) (see pages 67 *et seq.*). Under the terms of the 13th and 14th resolutions, you are asked to renew the directorships of Jean Chodron de Courcel and Christian Paillot as non-voting Directors.

Therefore, if you approve the above resolutions, at the end of the Shareholders' Meeting, the Board will still have eight Directors and will include three independent Directors (more than the one-third threshold for controlled companies recommended by the Afep-Medef Code) and, not including the Chairman, four members representing the controlling shareholder.

The proportion of women on the Board will continue to meet the 50% threshold.

Directors' independence is assessed each year based on the criteria recommended by the Afep-Medef Code. The assessments found that none of the independent Directors have a business relationship, either directly or indirectly, with the Company or with one of the Group companies.

The diversity of skills on the Board, the membership of the Board Committees, Directors' attendance rates at meetings of the Board and the Committees and the analysis of Directors' independence reviewed annually by the Board are presented in the Board of Directors' corporate governance report in Chapter 2 of the 2019 Universal Registration Document.

Fifth resolution

Renewal of the appointment as Director of Philippe Charrier

The Ordinary Shareholders' Meeting hereby renews the appointment as Director of Philippe Charrier for a period of one (1) year which will expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Sixth resolution

Renewal of the appointment as Director of Jacques Dumas

The Ordinary Shareholders' Meeting hereby renews the appointment as Director of Jacques Dumas for a period of one (1) year which will expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Seventh resolution

Renewal of the appointment as Director of Catherine Fulconis

The Ordinary Shareholders' Meeting hereby renews the appointment as Director of Catherine Fulconis for a period of one (1) year which will expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Eighth resolution

Renewal of the appointment as Director of Jean-Charles Naouri

The Ordinary Shareholders' Meeting hereby renews the appointment as Director of Jean-Charles Naouri for a period of one (1) year which will expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Ninth resolution

Renewal of the appointment as Director of Anne Yannic

The Ordinary Shareholders' Meeting hereby renews the appointment as Director of Anne Yannic for a period of one (1) year which will expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Tenth resolution

Renewal of the appointment as Director of Euris

The Ordinary Shareholders' Meeting hereby renews the appointment as Director of Euris, whose permanent representative to the Board of Directors is Odile Muracciole, for a period of one (1) year which will expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Eleventh resolution

Renewal of the appointment as Director of Finatis

The Ordinary Shareholders' Meeting hereby renews the appointment as Director of Finatis, whose permanent representative to the Board of Directors is Virginie Grin, for a period of one (1) year which will expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Twelfth resolution

Renewal of the appointment as Director of Foncière Euris

The Ordinary Shareholders' Meeting hereby renews the appointment as Director of Foncière Euris, whose permanent representative to the Board of Directors is Didier Lévêque, for a period of one (1) year which will expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Thirteenth resolution

Renewal of the appointment as non-voting Director of Jean Chodron de Courcel

The Ordinary Shareholders' Meeting hereby renews the appointment as non-voting Director of Jean Chodron de Courcel for a period of one (1) year which will expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Fourteenth resolution

Renewal of the appointment as non-voting Director of Christian Paillot

The Ordinary Shareholders' Meeting hereby renews the appointment as non-voting Director of Christian Paillot for a period of one (1) year which will expire at the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020.

Resolutions 15 and 16: Amendment to the 2019 compensation policy for the General Manager – Approval of the fixed, variable and exceptional components comprising the aggregate compensation and benefits in kind paid or awarded for the year ended 31 December 2019 to the General Manager

› Presentation

In the 15th resolution, you are asked to amend the 2019 compensation policy for the General Manager as approved by the Ordinary Shareholders' Meeting of 15 May 2019. The proposed amendments concern the methods for determining his annual variable compensation and the inclusion of additional compensation.

When determining the amount of variable compensation to be paid to the General Manager in respect of 2019 at its meeting on 26 March 2020, the Board of Directors observed that the pre-defined methods (type of quantitative and qualitative objectives) for determining the variable compensation, as approved by the Ordinary Shareholders' Meeting of 15 May 2019, were no longer appropriate given the developments at the Company amid the exceptional and complex safeguard proceedings and did not facilitate effective assessment of the General Manager's performance in the key operations that he has completed since the initiation of the safeguard proceedings.

At its meeting on 26 March 2020, the Board of Directors therefore decided that the methods for determining the variable compensation to be paid to the General Manager in respect of 2019 should be amended accordingly. Acting on the recommendation of the Appointments and Compensation Committee and on the analyses and recommendations of specialised external consultants, and having assessed the General Manager's performance in the operations that he successfully completed in 2019 and his contribution to the exceptional and complex challenges faced by the Company in 2019, the Board of Directors therefore decided to set the gross variable compensation to be paid to the General Manager in respect of 2019 at €465,000, subject to approval by the Shareholders' Meeting of 26 June 2020.

The Board of Directors has also proposed additional compensation for the General Manager, subject to approval by the Shareholders' Meeting of 26 June 2020. The additional compensation would reflect, amid complex circumstances, the General Manager's outstanding mobilisation and engagement, the effective management and stability of the teams, the acceleration of the safeguard proceedings and adherence to the related schedule. The additional compensation would represent a gross amount of €600,000 and would be paid in two equal instalments in 2020 and 2021, subject to a continuous service condition and approval by the Shareholders' Meeting of 26 June 2020.

In the 16th resolution, in accordance with Article L. 225-100 II of the French Commercial Code, you are asked to approve the fixed, variable and exceptional components comprising the aggregate compensation and benefits in kind paid or awarded for the year ended 31 December 2019 to the General Manager in connection with his term of office (including the above amendments), as presented in the Appendix (page 252) and in the Board of Directors' corporate governance report in Chapter 2 of the 2019 Universal Registration Document.

Pursuant to the 24th resolution proposed at the Shareholders' Meeting of 10 May 2017, payment of the long-term incentive (LTI) awarded to the General Manager in 2017 and calculated over a three-year period (2017-2019) is also subject to the approval of the 16th resolution of this Meeting, as presented in the Appendix (page 252).

Fifteenth resolution

Amendment to the 2019 compensation policy for the General Manager

The Ordinary Shareholders' Meeting, pursuant to Article L. 225-37-2 of the French Commercial Code, after reviewing the Board of Directors' corporate governance report appended to the management report, approves the amendments to the 2019 compensation policy for the General Manager, particularly concerning the principles and methods for determining the annual variable compensation in respect of 2019 and the methods for determining and awarding additional compensation in connection with his term of office, as detailed in said report.

Sixteenth resolution

Approval of the aggregate compensation and benefits in kind paid to the General Manager in 2019 or awarded to him in respect of that year in connection with his term of office

The Ordinary Shareholders' Meeting, pursuant to Article L. 225-100 II of the French Commercial Code, after reviewing the Board of Directors' corporate governance report appended to the management report, approves the fixed, variable and exceptional components comprising the aggregate compensation and benefits in kind paid to the General Manager in 2019 or awarded to him in respect of that year in connection with his term of office (including the amendments proposed in the 15th resolution), as presented to the Shareholders' Meeting in said report.

Resolution 17: Approval of the information referred to in Article L. 225-37-3 I of the French Commercial Code relating to the 2019 compensation of corporate officers

› Presentation

In the 17th resolution, pursuant to Article L. 225-100 II of the French Commercial Code, you are asked to approve all of the information referred to in Article L. 225-37-3 I of the French Commercial Code relating to the compensation paid to corporate officers of the Company in 2019 or awarded to them in respect of that year in connection with their term of office, as presented to the Shareholders' Meeting in the Board of Directors' corporate governance report appended to the management report.

Information on the compensation of corporate officers is provided in the section on executive compensation in the Board of Directors' corporate governance report in Chapter 2 of the 2019 Universal Registration Document.

Seventeenth resolution

Approval of the information referred to in Article L. 225-37-3 I of the French Commercial Code relating to the 2019 compensation of corporate officers

The Ordinary Shareholders' Meeting, pursuant to Article L. 225-100 II of the French Commercial Code, after reviewing the Board of Directors' corporate governance report appended to the management report, which includes information relating to the compensation paid to corporate officers of the Company in 2019, or awarded to them in respect of that year in connection with their term of office, approves the information referred to in Article L. 225-37-3 I of the French Commercial Code as presented to the Shareholders' Meeting in said report.

Resolution 18: 2020 compensation policy for the General Manager pursuant to Article L. 225-37-2 of the French Commercial Code

› Presentation

Pursuant to Article L. 225-37-2 of the French Commercial Code, the compensation policy for corporate officers set by the Board of Directors is presented in its corporate governance report appended to the management report and must be submitted each year for approval at the Shareholders' Meeting.

In the 18th resolution, you are therefore asked to approve the components of the 2020 compensation policy for the General Manager in connection with his term of office, determined by the Board of Directors on 26 March 2020 on the recommendation of the Appointments and Compensation Committee, as presented in the Appendix (page 252) and in the Board of Directors' corporate governance report in Chapter 2 of the 2019 Universal Registration Document.

Eighteenth resolution

Approval of the 2020 compensation policy for the General Manager

The Ordinary Shareholders' Meeting, pursuant to Article L. 225-37-2 II of the French Commercial Code, after reviewing the Board of Directors' corporate governance report appended to the management report, approves, pursuant to Article L. 225-100 II of the French Commercial Code, the 2020 compensation policy for the General Manager in connection with his term of office, as detailed in said report.

Resolutions 19 and 20: Compensation policy for non-executive corporate officers in connection with their 2020/2021 term of office – Total compensation of non-executive corporate officers

› Presentation

Pursuant to the new provisions of Article L. 225-37-2 of the French Commercial Code, the compensation policy for corporate officers set by the Board of Directors is presented in its corporate governance report and must now be submitted at least once a year for approval at the Shareholders' Meeting.

In the 19th resolution, you are asked to increase the total compensation paid to the members of the Board of Directors and the Committees from €300,000 (unchanged since the Shareholders' Meeting of 19 May 2010) to €330,000 to reflect the appointment of a Director representing employees to the Board of Directors – who has joined the Appointments and Compensation Committee in accordance with the recommendations of the Afep-Medef Code – and the renewal of the appointments of all the members of the Board of Directors. The compensation paid to non-voting Directors is also included in the aforementioned total amount.

In the 20th resolution, you are also asked to approve the compensation policy for non-executive Directors in connection with their 2020/2021 term of office, determined by the Board of Directors on 26 March 2020 on the recommendation of the Appointments and Compensation Committee.

Information on the components of the compensation policy for non-executive Directors is provided in the section on executive compensation in the Board of Directors' corporate governance report in Chapter 2 of the 2019 Universal Registration Document.

Nineteenth resolution

Total compensation of non-executive corporate officers

The Shareholders' Meeting sets the total annual compensation paid to non-executive corporate officers in connection with their term of office in the previous year at €330,000.

Said amount will remain in force for subsequent years unless amended by a future Shareholders' Meeting.

Twentieth resolution

Approval of the compensation policy for non-executive corporate officers in connection with their 2020/2021 term of office

The Ordinary Shareholders' Meeting, pursuant to Article L. 225-37-2 of the French Commercial Code, after reviewing the Board of Directors' corporate governance report appended to the management report, approves the compensation policy for non-executive Directors in connection with their term of office, as presented in said report.

Resolution 21: Authorisation for the Company to buy back its own shares

› Presentation

The 21st resolution renews for 18 months the authorisation granted to the Board of Directors at the Shareholders' Meeting of 15 May 2019 to buy back Company shares. The maximum purchase price is set at €30 per share and the maximum number of shares that may be bought back will be capped at 10% of the number of shares comprising the Company's share capital as of the date of the Shareholders' Meeting. For example, based on the share capital as of 26 March 2020, the maximum theoretical amount that the Company could invest in buying back its own shares would total €156 million, corresponding to 5,218,176 shares.

Pursuant to the authorisation granted by the Shareholders' Meeting of 15 May 2019, and based on the data at 26 March 2020, 140,802 shares were bought back and 83,802 shares were sold under the liquidity agreement. Rallye terminated the liquidity agreement with effect from 24 May 2019.

The goals of the share buyback programme are described below in the 21st resolution as well as in the description of the programme provided in Chapter 1 of the 2019 Universal Registration Document.

In the event of a public tender offer for the shares or other securities issued by the Company, the Company may only use this authorisation for the purpose of meeting securities delivery commitments, notably in the context of free share plans, or strategic transactions, initiated and announced prior to the launch of said public tender offer.

Twenty-first resolution

Authorisation for the Company to buy back its own shares

The Ordinary Shareholders' Meeting, after reviewing the Board of Directors' report in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, Articles 241-1 to 241-7 of the General Regulations of the French securities regulator (*Autorité des marchés financiers* – AMF), as well as European Union regulations on market abuse (particularly Regulation (EU) No. 596/2014 of 16 April 2014), authorises the Board of Directors to buy back Company shares, notably in order to:

- ensure the liquidity of and make a market for the Company's shares through an investment services provider acting independently in the name and on behalf of the Company, under the terms of a liquidity agreement that complies with a Code of Conduct recognised by the AMF;
- implement any shareholding or savings plan in accordance with Articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*), or any free share award made under Articles L. 225-197-1 *et seq.* of the French Commercial Code, or any other share-based compensation mechanism;
- deliver shares in connection with the exercise of rights attached to securities redeemable, convertible or exchangeable for shares or exercisable for shares upon presentation of a warrant or a debt security convertible or exchangeable for shares, or otherwise;
- hold shares for later use as payment or consideration in the context of or following any external growth transactions;
- cancel all or some of the shares in order to optimise earnings per share through a share capital reduction under the conditions provided for by law;
- implement any future market practice authorised by the AMF and, generally, carry out any transaction that complies with the applicable regulations.

The maximum unit purchase price is set at €30 per share.

This authorisation may be used to raise the number of shares held in treasury to no more than 10% of the total number of shares comprising the Company's share capital as of the date of this Shareholders' Meeting, i.e., 5,218,176 shares based on the share capital as of 26 March 2020, for a maximum amount of €156 million.

These shares may be acquired, sold, transferred or exchanged by any method and, in particular, on regulated markets or over the counter, including via block trades. These methods include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of option-based strategies under the conditions authorised by the relevant financial markets' regulator, provided said methods do not cause a significant increase in the price volatility of the shares. The shares may also be loaned, pursuant to Articles L. 211-22 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*).

This authorisation to buy back shares is given for a period that will expire at the Shareholders' Meeting called to approve the 2020 financial statements and management report, and no later than 26 December 2021.

In the event of a public tender offer for the shares or other securities issued by the Company, the Company may only use this authorisation for the purpose of meeting securities delivery commitments, notably in the context of free share plans, or strategic transactions, initiated and announced prior to the launch of said public tender offer.

Consequently, full powers are granted to the Board of Directors, with the ability to sub-delegate, to implement this authorisation, place any and all stock market orders, enter into any and all agreements for the purpose of, in particular, keeping account of share purchases and sales, allocate or reallocate the purchased shares in support of various objectives under applicable legal and regulatory conditions, complete any and all reporting to the AMF and perform any other formalities and, generally, do all that is necessary.

Extraordinary resolutions

Resolution 22: Free awards of Company shares to employees of the Group

› Presentation

At the Shareholders' Meeting of 10 May 2017, in the 37th resolution, the Board of Directors was authorised for a period of 38 months to award free Company shares to employees of the Company and its related companies, with no executive corporate officers of the Company entitled to receive free share awards, in accordance with the Company's policy. In the 20th resolution, the Shareholders' Meeting of 23 May 2018 renewed the aforementioned authorisation in advance, for the unused balance and for a period reduced to 26 months (only change), so that the Company could apply the new regime introduced by the French Finance Law for 2018. This authorisation is expiring.

In the 22nd resolution, on the recommendation of the Appointments and Compensation Committee, you are asked to maintain this option and vote to renew for a 38-month period the authorisation granted to the Board of Directors to award free shares to employees, with no executive corporate officer of the Company eligible to receive free shares, as was previously the case.

The proposed resolution sets the number of shares that may be granted over 38 months at 1% of the share capital (excluding adjustments), unchanged from 2017.

Shareholders are reminded that for several years the Group has pursued a strategy of including employees of the Company and its related companies as shareholders of the Company with a view to cultivating their loyalty and motivating them. In addition, the share awards are subject to a lock-up period of two years starting from the vesting date.

The total number of unvested shares that could be awarded on the basis of the current plans represented 0.84% of the share capital at 31 December 2019.

As of the date of this Meeting, the Company did not have any stock option plans currently in effect.

As with the authorisation granted by the Ordinary and Extraordinary Shareholders' Meeting of 23 May 2018, in accordance with applicable legal provisions, this authorisation specifies that the shares would ultimately be delivered to their beneficiaries at the end of a vesting period, the duration of which would be set by the Board of Directors and could not be shorter than one year, and that the shares would be held by beneficiaries for a minimum period to be set by the Board of Directors, it being specified that the cumulative duration of the vesting and lock-up periods could not be shorter than two years. However, insofar as the vesting period for all or part of one or several awards is not shorter than a two-year minimum, the Board of Directors would be authorised to decide not to impose a lock-up period on the shares concerned. In addition, the Board of Directors would be authorised to decide, in the event that the beneficiary suffers from a category 2 or 3 disability as provided for in Article L. 341-4 of the French Social Security Code (*Code de la sécurité sociale*), or their respective equivalents in other countries, that the shares could ultimately be delivered to said beneficiary prior to the end of the vesting period.

Twenty-second resolution

Authorisation granted to the Board of Directors to make free awards of existing or newly-issued shares of the Company to employees of the Company and its related companies; waiver by shareholders of their preferential subscription rights thereto

The Extraordinary Shareholders' Meeting, after reviewing the reports of the Board of Directors and of the Statutory Auditors, in accordance with Article L. 225-197-1 *et seq.* of the French Commercial Code:

- authorises the Board of Directors, in accordance with, and on the conditions set forth in Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, to carry out free awards of existing or newly-issued shares of the Company, on one or more occasions, to employees of the Company or certain categories thereof, as well as to employees of companies or economic interest groupings affiliated with the Company under the terms and conditions provided for in Article L. 225-197-2 of the French Commercial Code, provided, however, that the Company's executive corporate officers shall not be eligible to receive free share awards;
- resolves that the total number of shares that may be awarded shall not exceed 1% of the total number of shares representing the Company's share capital as of the Shareholders' Meeting of 26 June 2020, but without taking into consideration the adjustments that may be made to preserve the rights of beneficiaries as provided in applicable laws and regulations, as well as applicable contractual provisions.

- The Shareholders' Meeting authorises the Board of Directors, to carry out, alternatively or cumulatively, within the limit set out in the foregoing paragraph:
  - to award shares from repurchases made by the Company in accordance with the terms and conditions provided in Articles L. 225-208 and L. 225-209 of the French Commercial Code; and/or
  - to award shares that are newly issued in connection with capital increases; in such case, the Shareholders' Meeting hereby authorises the Board of Directors to increase the share capital by the maximum nominal amount corresponding to the number of shares awarded and hereby takes due note that this authorisation automatically and *ipso jure* operates a waiver in favour of the beneficiaries of the free share awards by the existing shareholders of their preferential right to subscribe for the shares to be issued, as well as to the portion of reserves, retained earnings or additional paid-in capital to be capitalised upon the free award of new shares, and to all rights to existing shares awarded without consideration.

The Shareholders' Meeting resolves that the shares will ultimately be delivered to the beneficiaries at the end of a vesting period of at least one year, after which the shares will be subject to a lock-up period that will begin as from the vesting date. The durations of the vesting and lock-up periods will be set by the Board of Directors; their cumulative duration may not be less than two years.

- However, the Board of Directors may waive the lock-up period for shares with a vesting period of at least two years. The Board of Directors will also have the right to determine the vesting and lock-up periods in accordance with applicable laws and regulations in the beneficiaries' country of residence.
- The Board of Directors may also resolve that title to the shares and the right to sell them without restriction may be transferred to the beneficiary before the end of the vesting and/or lock-up periods if the beneficiary is recognised as suffering from a disability as described in Article L. 225-197-1 of the French Commercial Code and defined in Article L. 341-4 of the French Social Security Code or the equivalent regulations in the beneficiaries' country of residence.
- The Shareholders' Meeting resolves that the vesting of shares awarded to employees may be subject to one or several performance and/or service conditions determined by the Board of Directors.
- The Shareholders' Meeting grants full authority to the Board of Directors, with the power to sub-delegate such authority pursuant to applicable legal terms and conditions, for the purpose of, and within the limits hereinabove set forth:
  - selecting the beneficiaries, or the category or categories of beneficiaries, of free share awards, and the number of shares awarded to each of them, it being specified that the award of free shares cannot lead any one employee or executive corporate officer to hold more than a 10% equity stake in the share capital of the Company;
  - allocating rights to receive shares on one or more occasions and at the times it deems appropriate;
  - setting the terms and conditions and criteria for awarding the shares, such as, yet not limited to, seniority conditions, continuous service conditions for employees and corporate officers during the vesting period, and any other individual or collective financial or performance criterion;
  - determining the duration of the vesting period and, where appropriate, the lock-up period imposed on the shares;
  - registering the free shares awarded, as the case may be, in an account held in the name of the rights-holder, referencing the lock-up condition and its duration;
  - lifting restrictions on the sale of the shares during the lock-up period in the event of redundancy or retirement, while complying with the minimum lock-up period required;
  - setting the retrospective or prospective *cum rights* date of the new shares issued in respect of the share awards;
  - recording a locked-up reserve assigned to the rights of beneficiaries, corresponding to the aggregate par value of the shares that could potentially be issued through a capital increase, by withholding the necessary amounts from any and all reserves that can be freely used by the Company;
  - withholding the necessary amounts from the locked-up reserve to cover the par value of the shares to be issued to beneficiaries and, if deemed appropriate, charging the capital increase costs against the reserve;
  - in the event of a capital increase, amending the articles of association accordingly and carrying out any necessary formalities;
  - making any necessary adjustments, where applicable, during the vesting period, to the number of shares freely awarded based on the impact of any potential transactions involving the Company's share capital, in order to protect the rights of beneficiaries, it being specified that any additional shares awarded as a result of these adjustments will be considered to have been awarded on the same date as the initially awarded shares;
  - as provided in Articles L. 225-197-4 and L. 225-197-5 of the French Commercial Code, a special report will be presented each year at the Ordinary Shareholders' Meeting on the transactions completed under this authorisation.

The Shareholders' Meeting sets the period during which the Board of Directors may use this authorisation at 38 months. It supersedes the earlier shareholder authorisation granted for the same purpose.

Resolution 23: Amendment of the articles of association concerning the identification of shareholders

› Presentation

In the 23rd resolution, the Extraordinary Shareholders' Meeting is asked to amend the wording of paragraph III of Article 10 of the articles of association, to bring it in line with the new legal provisions concerning the identification of shareholders, as follows:

Previous version	New version
Article 10 – Share ownership and form – Identification of shareholders of the Company III. In order to identify the holders of bearer securities, and in accordance with Article L. 228-2 of the French Commercial Code, the Company has the right to ask, at any time and at its expense, the main custodian of financial instruments for the names or, if it is a legal entity, the corporate name, the nationality and the address of the holders of securities granting immediate or future access to a voting right at Shareholders' Meetings, the number of securities held by each holder, and any restrictions attached to these securities. The Company may also, under the terms of Articles L. 228-2 *et seq.* of the French Commercial Code, ask holders of the Company's shares whether they hold the shares on their own behalf, or on behalf of a third party. Should the latter be the case, it may ask them to provide information enabling it to identify such third party or parties. *(...)*	*Article 10 – Share ownership and form – Identification of shareholders of the Company* III. The Company or its agent may, under applicable legal and regulatory conditions, ask the main custodian of financial instruments at any time, directly or through one or more intermediaries in accordance with Article L. 211-3 of the French Monetary and Financial Code, for the name or, if it is a legal entity, the corporate name, the nationality, the year of birth or, if it is a legal entity, the year of incorporation, the postal and, if necessary, email address of the holders of bearer shares granting immediate or future access to a voting right at Shareholders' Meetings, the number of securities each of them holds and, as the case may be, the restrictions attached to these securities, as well as any other information provided for by the applicable legal and regulatory provisions. When a financial institution identifies, in the list it is responsible for drawing up, following a request referred to in the first paragraph above, an intermediary mentioned in the seventh paragraph of Article L. 228-1 of the French Commercial Code registered on behalf of one or more third-party shareholders, it will forward this request to him or her, unless the Company or its agent expressly objects at the time of the request. Said registered intermediary is required to forward the information to the financial institution, which is responsible for disclosing it, as the case may be, to the Company, its agent or the main custodian. (...)

Twenty-third resolution

Amendment of paragraph III of Article 10 of the articles of association concerning the identification of shareholders

The Shareholders' Meeting, after reviewing the Board of Directors' report, resolves to amend the wording of paragraph III of Article 10 of the articles of association, which will now be as follows:

"Article 10 – Share ownership and form – Identification of shareholders of the Company

III. The Company or its agent may, under applicable legal and regulatory conditions, ask the main custodian of financial instruments at any time, directly or through one or more intermediaries in accordance with Article L. 211-3 of the French Monetary and Financial Code, for the name or, if it is a legal entity, the corporate name, the nationality, the year of birth or, if it is a legal entity, the year of incorporation, the postal and, if necessary, email address of the holders of bearer shares granting immediate or future access to a voting right at Shareholders' Meetings, the number of securities each of them holds and, as the case may be, the restrictions attached to these securities, as well as any other information provided for by the applicable legal and regulatory provisions.
When a financial institution identifies, in the list it is responsible for drawing up, following a request referred to in the first paragraph above, an intermediary mentioned in the seventh paragraph of Article L. 228-1 of the French Commercial Code registered on behalf of one or more third-party shareholders, it will forward this request to him or her, unless the Company or its agent expressly objects at the time of the request. Said registered intermediary is required to forward the information to the financial institution, which is responsible for disclosing it, as the case may be, to the Company, its agent or the main custodian."

The rest of the article is unchanged.

Resolution 24: Amendments of the articles of association concerning the appointment of Directors representing employees

› Presentation

In the 24th resolution, based on the opinion of the Appointments and Compensation Committee, the Board of Directors asks you to approve the amendments of Articles 14, 16, and 29 of the articles of association in order to introduce the terms and conditions for appointing Directors representing employees, which Rallye's Board of Directors must now include pursuant to the provisions of French law No. 2019-486 of 22 May 2019 on corporate growth and transformation (the "Pacte Law").

The number of Directors representing employees must equal at least two in companies with more than eight Directors and at least one in all other cases.

In accordance with the Rebsamen Law of 17 August 2015, a Director representing employees was appointed to Casino's Board of Directors in 2017, as the Group considered that such appointment best met the law's objectives in light of the Group's core business and workforce breakdown. Accordingly, Rallye and its parent companies were exempt from appointing a Director representing employees.

However, under the new provisions of the Pacte Law:

- On the one hand, Rallye is no longer exempt from the requirement to appoint a Director representing employees.
- On the other hand, Casino no longer falls within the applicable scope of the requirement in its capacity as a subsidiary of Rallye, which itself is now subject to said requirement. Casino is therefore no longer subject to the provisions and cannot apply them voluntarily. Accordingly, the term of the current Director representing employees at Casino will expire at Casino's 2020 Annual General Meeting.

The law offers several choices for how to appoint Directors representing employees.

In accordance with the applicable legal provisions, the Board of Directors, after receiving the opinion of the Appointments and Compensation Committee, asks that you vote in favour of giving the authority to appoint Directors representing employees to the most representative union that obtained the highest number of votes in the first round of the professional elections, referenced in Articles L. 2122-1 and L. 2122-4, of the French Labour Code held at the Company and its subsidiaries, whenever one Director must be appointed.

Subject to the approval of the 5th to 12th resolutions, the Board of Directors will comprise eight members at the close of the Shareholders' Meeting. Therefore, one Director representing employees must be appointed by the most representative union. The election must take place within six months of the Shareholders' Meeting, i.e., no later than 26 December 2020.

The term of office of the Director representing employees is set at three years (rather than one year as for the other Directors), in order to ensure stability and continuity in the exercise of his or her duties as an appointed and specifically trained employee Director. The Director representing employees has the same rights and obligations as other Directors elected by the Shareholders' Meeting, with the exception of the obligation to hold Company shares. While exercising his or her duties, he or she must comply with the same non-disclosure requirements as other Directors and is liable in the same way. The status of Director representing employees is, however, subject to specific legal provisions. In addition to the terms and conditions of his or her appointment, his or her directorship will end in the event of termination of his or her employment contract, or a court-ordered dismissal for negligence or misconduct at the request of the majority of members on the Board of Directors. The Director representing employees will be granted extra hours in order to have sufficient time to prepare the meetings and offered a training programme on the role and duties of a Director in order to facilitate his or her integration.

Twenty-fourth resolution

Amendments of the articles of association concerning the appointment of Directors representing employees (Articles 14, 16 and 29)

The Shareholders' Meeting, after reviewing the Board of Directors' report, resolves to (i) insert a paragraph II to Article 14 of the articles of association and combine the current four sub-paragraphs into a paragraph I, (ii) amend the title and paragraph I of Article 16 of the articles of association and (iii) amend the wording of the third listed item in paragraph I of Article 29 the articles of association, as follows:

"Article 14 – Rules applicable to the composition of the Board of Directors

(…)

II. The Board of Directors may also include, in accordance with the provisions of Article L. 225-27-1 of the French Commercial Code, one or two Directors representing employees, for whom the specific rules are subject to the legal provisions in force and the articles of association.
Whenever the number of Directors appointed by the Ordinary Shareholders' Meeting is lower than or equal to eight (8), a Director representing employees is appointed by the labour organisation that received the most votes in the first round of the elections, referenced in Articles L. 2122-1 and L. 2122-4 of the French Labour Code, held at the Company and its direct or indirect subsidiaries, the registered office of which is located on French territory. Whenever the number of Directors appointed by the Ordinary Shareholders' Meeting is higher than eight (8), two Directors representing employees must be appointed by each of the two labour organisations that received the most votes in the first round of elections.
The number of Directors appointed by the Ordinary Shareholders' Meeting to be taken into account to determine the number of Directors representing employees is assessed on the date the employee representatives are appointed to the Board.
The appointed Director must have been bound to the Company or one of its direct or indirect subsidiaries with its registered office in France or abroad, through an employment contract for at least two years prior to his or her appointment.
Directors representing employees are appointed for three years. They take office once the term of the departing Directors representing employees expires. Their duties expire at the end of the Shareholders' Meeting called to approve the financial statements of the year ended and held in the year in which the directorship expires. At the end the term of said directorship, the renewal of the appointment of the Director(s) representing employees will be subject to continued compliance with the conditions set forth in Article L. 225-27-1 of the French Commercial Code. Exceptionally, the first Director representing employees will take office at the first Board of Directors' meeting held following his or her appointment.
In the event that the seat of a Director representing employees becomes vacant, the vacancy must be filled under the conditions set forth in Article L. 225-34 of the French Commercial Code. The directorship of the Director representing employees terminates *ipso jure* in the event of the termination of his or her employment contract or his or her removal from office in accordance with the terms of Article L. 225-32 of the French Commercial Code, or in the event of occurrence of a conflict ("*cas d'incompatibilité*") as described in Article L. 225-30 of the French Commercial Code.
As an exception to the provisions of Article 15 of the articles of association, Directors representing employees are not required to hold a minimum number of shares.

Subject to the provisions of this Article or the regulations in force, Directors representing employees share the same status, the same rights, and the same responsibilities as other Directors."

"Article 16 – Term of office – Age limit – Replacement of Directors appointed by the Ordinary Shareholders' Meeting

I – Directors, with the exception of Director(s) representing employees, as provided for in paragraph II of Article 14 of the articles of association, are appointed for a term of office of one year expiring at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended and held during the year in which their term of office expires."

"Article 29 – Ordinary Shareholders' Meeting

I. The Ordinary Shareholders' Meeting meets every year to:
(…)
- subject to the provisions of paragraph II of Article 14 of the articles of association, appoint the Directors, ratify or reject the provisional appointments made by the Board and, as the case may be, remove Directors from office at its entire discretion;"

(…)

Resolution 25: Amendment of the articles of association concerning the rules for meetings of the Board of Directors

› Presentation

In the 25th resolution, as provided for under the new wording of Article L. 225-37 of the French Commercial Code, you are asked to authorise the Board to make certain decisions that fall within its remit by written consultation with the Directors and to consequently amend Article 18 of the articles of association by (i) inserting a new paragraph III and (ii) amending the previous paragraph III (now paragraph IV), as follows:

Previous version	New version
Article 18 – Meetings of the Board of Directors (...) III. Decisions are recorded in minutes signed by the meeting's Chairman and at least one Director. Copies or excerpts of these minutes, to be presented in court or elsewhere, are validly certified by the Chairman of the Board of Directors, the General Manager, the Deputy General Manager(s), the Director temporarily appointed to replace the Chairman, or a person duly authorised for this purpose. The information and statements contained in the copies or excerpts of Board meeting minutes are binding on third parties and serve as proof of the number of Directors in office, their attendance or representation at a meeting, of whether they are acting as Directors or as permanent representatives of a legal entity appointed as Director, of the identity of the Chairman or Vice-Chairman of the Board of Directors currently in office, of the General Manager, the Deputy General Manager or the Director temporarily appointed to replace the Chairman, as well as regarding any proxies granted by represented Directors.	*Article 18 – Meetings of the Board of Directors* (...) III. The Board of Directors may, at the initiative of the Chairman, adopt by written consultation decisions falling within its remit in accordance with Article L. 225-37 of the French Commercial Code, and any decision to transfer the registered office within the same county (*département*). IV. Decisions are recorded in minutes signed by the meeting's Chairman and at least one Director. Written consultations are recorded in minutes signed by the Chairman and at least one of the Directors present and must include the supporting documents for each Director's response in the appendices. Copies or excerpts of these minutes, to be presented in court or elsewhere, are validly certified by the Chairman of the Board of Directors, the General Manager, the Deputy General Manager(s), the Director temporarily appointed to replace the Chairman, or a person duly authorised for this purpose. The information and statements contained in the copies or excerpts of Board meeting minutes are binding on third parties and serve as proof of the number of Directors in office, their attendance or representation at a meeting, of whether they are acting as Directors or as permanent representatives of a legal entity appointed as Director, of the identity of the Chairman or Vice-Chairman of the Board of Directors currently in office, of the General Manager, the Deputy General Manager or the Director temporarily appointed to replace the Chairman, as well as regarding any proxies granted by represented Directors.

Twenty-fifth resolution

Amendment of Article 18 of the articles of association concerning meetings of the Board of Directors

The Shareholders' Meeting, after reviewing the Board of Directors' report, resolves to amend Article 18 of the articles of association, which will now be as follows:

"Article 18 – Meetings of the Board of Directors

I. The Board meets as often as required in the Company's interest and every time said Board deems it appropriate, at the location indicated in the meeting notification.
Meeting notifications are prepared by the Chairman or by any person he or she appoints to do so on his or her behalf; if the Board has not met for more than two months, one-third of the Directors in office can ask the Chairman to call for a meeting based on a predetermined agenda. The General Manager can also ask the Chairman to call for a meeting based on a predetermined agenda.
A Director can grant proxy to another Director for the purpose of being represented in the Board of Directors' decision-making process. The Board is the only body authorised to validate said proxy, which can be granted by any means, provided the request is completed in writing and is unambiguous as to the grantor's wishes. A Director may represent only one other Director.

II. In order for the Board's decisions to be considered fully valid and binding, the attendance of at least half of the Directors in office is necessary and sufficient. An attendance register shall be kept, which shall be signed by all Directors present at the meeting.
Decisions are taken based on a majority vote of the members present and represented. In the event of a split ballot, the Chairman of the meeting shall have the casting vote. However, in the event that the Board is composed of less than five members, decisions can be taken by two Directors in attendance, provided they are in agreement.
Directors may participate in the deliberations by videoconference or means of telecommunication, under the conditions and according to the terms provided under applicable regulations and the Board of Directors' Internal Rules.

III. The Board of Directors may, at the initiative of the Chairman, adopt by written consultation decisions falling within its remit in accordance with Article L. 225-37 of the French Commercial Code, and any decision to transfer the registered office within the same county (*département*).

IV. Decisions are recorded in minutes signed by the meeting's Chairman and at least one Director. Written consultations are recorded in minutes signed by the Chairman and at least one of the Directors present and must include the supporting documents for each Director's response in the appendices.

Copies or excerpts of these minutes, to be presented in court or elsewhere, are validly certified by the Chairman of the Board of Directors, the General Manager, the Deputy General Manager(s), the Director temporarily appointed to replace the Chairman, or a person duly authorised for this purpose.

The information and statements contained in the copies or excerpts of Board meeting minutes are binding on third parties and serve as proof of the number of Directors in office, their attendance or representation at a meeting, of whether they are acting as Directors or as permanent representatives of a legal entity appointed as Director, of the identity of the Chairman or Vice-Chairman of the Board of Directors currently in office, of the General Manager, the Deputy General Manager or the Director temporarily appointed to replace the Chairman, as well as regarding any proxies granted by represented Directors."

Resolution 26: Amendment of the articles of association concerning the powers of the Board of Directors (Article 19)

› Presentation

In order to comply with Article L. 225-35 of the French Commercial Code, the Extraordinary Shareholders' Meeting is asked to (i) amend the wording of paragraph I (social and environmental challenges taken into consideration by the Board of Directors), (ii) insert a new paragraph V and (iii) amend the numbering of the previous paragraph V (now paragraph VI), as follows:

Previous version	New version
Article 19 – Powers of the Board of Directors – Committees – Related-party agreements I. The Board of Directors sets the Company's business strategy and oversees its implementation. Subject to powers expressly granted at Shareholders' Meetings and within the limit of the Company's corporate purpose, it handles any matters relating to the Company's proper functioning and votes on the matters for which it is responsible. The Board of Directors carries out the controls and checks it deems appropriate. (...)	*Article 19 – Powers of the Board of Directors – Committees – Related-party agreements* I. The Board of Directors sets the Company's business strategy and oversees its implementation, in line with its corporate interests, taking into consideration the social and environmental challenges of its business. Subject to powers expressly granted at Shareholders' Meetings and within the limit of the Company's corporate purpose, it handles any matters relating to the Company's proper functioning and votes on the matters for which it is responsible. The Board of Directors carries out the controls and checks it deems appropriate. (...) V. In accordance with the provisions of the last paragraph of Article L. 225-35 of the French Commercial Code, the commitment of any sureties, underwritings or guarantees granted on behalf of the Company are subject to a Board of Directors' authorisation. The Board may, however, grant this authorisation in the aggregate and annually without a limit on the amount to guarantee the commitments made by the controlled companies within the meaning of paragraph II of Article L. 233-16 of the French Commercial Code. It may also authorise the General Manager to grant, in the aggregate and without a limit on the amount, sureties, underwritings or guarantees to secure the commitments made by controlled companies within the meaning of paragraph II of said Article, provided that he reports back to the Board at least once a year. The General Manager may also be authorised to grant sureties, underwritings or guarantees on behalf of the Company with no limit on the amount, with respect to the tax and customs authorities. VI. Except where prohibited by law, all powers, offices and duties limited to one or more transactions or types of transaction may be delegated to any persons, whether Directors or not."

Twenty-sixth resolution

Amendment of Article 19 concerning the powers of the Board of Directors

The Extraordinary Shareholders' Meeting, after reviewing the Board of Directors' report, resolves to (i) amend paragraph I, (ii) insert a paragraph V and (iii) amend the subsequent numbering of Article 19 of the articles of association, which will now be as follows:

"Article 19 – Powers of the Board of Directors – Committees – Related-party Agreements

I. The Board of Directors sets the Company's business strategy and oversees its implementation, in line with its corporate interests, taking into consideration the social and environmental challenges of its business. Subject to powers expressly granted at Shareholders' Meetings and within the limit of the Company's corporate purpose, it handles any matters relating to the Company's proper functioning and votes on the matters for which it is responsible.
   The Board of Directors carries out the controls and checks it deems appropriate.
   (…)

V. In accordance with the provisions of the last paragraph of Article L. 225-35 of the French Commercial Code, the commitment of any sureties, underwritings or guarantees granted on behalf of the Company are subject to a Board of Directors' authorisation. The Board may, however, grant this authorisation in the aggregate and annually without a limit on the amount to guarantee the commitments made by the controlled companies within the meaning of paragraph II of Article L. 233-16 of the French Commercial Code. It may also authorise the General Manager to grant, in the aggregate and without a limit on the amount, sureties, underwritings or guarantees to secure the commitments made by controlled companies within the meaning of paragraph II of said Article, provided that he reports back to the Board at least once a year. The General Manager may also be authorised to grant sureties, underwritings or guarantees on behalf of the Company with no limit on the amount, with respect to the tax and customs authorities.
(…)

VI. Except where prohibited by law, all powers, offices and duties limited to one or more transactions or types of transaction may be delegated to any persons, whether Directors or not."

Resolution 27: Amendments of the articles of association concerning the compensation paid to Directors (Articles 22 and 29)

› Presentation

Under the 27th resolution, you are asked to replace the term "Directors' fees" with "Directors' compensation", following the amendment of Article L. 225-45 of the French Commercial Code, and to amend Article 22 of the articles of association as well as the fourth listed item in paragraph I of Article 29 of the articles of association as follows:

Previous version	New version
Article 22 – Compensation paid to members of the Board of Directors and Senior Management I. The members of the Board of Directors may receive an annual payment of Directors' fees, the aggregate amount of which is set by the Shareholders' Meeting and maintained until a decision to change it is made at a future meeting. The Board of Directors distributes the Directors' fees freely among its members, and can decide to grant a higher amount of fees to Directors who are members of the committees discussed in paragraph III of Article 19. II. The Board of Directors determines the fixed and/or proportional amount of compensation to be granted to the Chairman or Vice-Chairman/men, to the General Manager and, subject to the General Manager's approval, to the Deputy General Managers. The Board of Directors also determines the amount of compensation to be granted to a Director temporarily appointed to replace the Chairman, as well as, under the conditions set forth in the French Commercial Code, any exceptional compensation to be granted with respect to assignments and offices entrusted to Directors. Directors who are either natural persons or legal entities are not eligible for any compensation, whether permanent or not, other than Directors' fees, exceptional compensation granted in connection with assignments and offices such as an office as committee member entrusted by the Board, as well as compensation that could be granted, as the case may be, in connection with their duties as Chairman, General Manager, and Deputy General Managers and, lastly, the wages paid to them in connection with their employment contract. (...) *Article 29 – Ordinary Shareholders' Meeting* I. The Ordinary Shareholders' Meeting meets every year to: (...) determine the allocation of Directors' fees to the members of the Board of Directors and set the aggregate amount of said fees; (...)	*Article 22 – Compensation paid to members of the Board of Directors and Senior Management* I. The members of the Board of Directors may receive an annual payment of Directors' compensation, the aggregate amount of which is set by the Shareholders' Meeting and maintained until a decision to change it is made at a future meeting. The Board of Directors distributes this compensation among its members, where applicable, in accordance with the provisions of Article L. 225-37-2 of the French Commercial Code. It may in particular decide to pay a higher amount of compensation to Directors who are members of the committees discussed in paragraph III of Article 19. II. The Board of Directors determines the fixed and/or proportional amount of compensation to be granted to the Chairman or Vice-Chairman/men, to the General Manager and, subject to the General Manager's approval, to the Deputy General Managers. The Board of Directors also determines the amount of compensation to be granted to a Director temporarily appointed to replace the Chairman, as well as, under the conditions set forth in the French Commercial Code, any exceptional compensation to be granted with respect to assignments and offices entrusted to Directors. The Board of Directors determines the abovementioned compensation, where applicable, in accordance with the provisions of Article L. 225-37-2 of the French Commercial Code. Directors who are either natural persons or legal entities are not eligible for any compensation, whether permanent or not, other than Directors' compensation, exceptional compensation granted in connection with assignments and offices such as an office as committee member entrusted by the Board, as well as compensation that could be granted, as the case may be, in connection with their duties as Chairman, General Manager, and Deputy General Managers and, lastly, the wages paid to them in connection with their employment contract. (...) *Article 29 – Ordinary Shareholders' Meeting* I. The Ordinary Shareholders' Meeting meets every year to: (...) approve the compensation policy for corporate officers, decide to allocate a fixed annual sum of compensation to Directors and determine the amount thereof, and approve the information and components referred to in paragraph I of Article L. 225-37-3 and paragraph III of Article L. 225-100 of the French Commercial Code, (...).

Twenty-seventh resolution

Amendments of Articles 22 and 29 of the articles of association concerning the compensation paid to members of the Board of Directors

The Shareholders' Meeting, after reviewing the Board of Directors' report, resolves to amend Article 22 and paragraph I of Article 29 of the articles of association, which will now be as follows:

"Article 22 – Compensation paid to members of the Board of Directors and Senior Management

I. The members of the Board of Directors may receive an annual payment of Directors' compensation, the aggregate amount of which is set by the Shareholders' Meeting and maintained until a decision to change it is made at a future meeting.
The Board of Directors distributes the compensation freely among its members, and can decide to pay a higher amount of compensation to Directors who are members of the committees discussed in paragraph III of Article 19.

II. The Board of Directors determines the fixed and/or proportional amount of compensation to be granted to the Chairman or Vice-Chairman/men, to the General Manager and, subject to the General Manager's approval, to the Deputy General Managers.
The Board of Directors also determines the amount of compensation to be granted to a Director temporarily appointed to replace the Chairman, as well as, under the conditions set forth in the French Commercial Code, any exceptional compensation to be granted with respect to assignments and offices entrusted to Directors.
Directors who are either natural persons or legal entities are not eligible for any compensation, whether permanent or not, other than Directors' compensation, exceptional compensation granted in connection with assignments and offices such as an office as committee member entrusted by the Board, as well as compensation that could be granted, as the case may be, in connection with their duties as Chairman, General Manager, and Deputy General Managers and, lastly, the wages paid to them in connection with their employment contract.

III. Compensation, irrespective of whether it is fixed and/or proportional, may be granted by the Board of Directors to any non-Directors entrusted with any duties, delegations, or assignments whatsoever and, in particular, to any committee members."

"Article 29 – Ordinary Shareholders' Meeting

I. The Ordinary Shareholders' Meeting meets every year to:
- approve, adjust or reject the parent company financial statements and the consolidated financial statements, determine the allocation of income by complying with the terms of Article 34, and may decide, under applicable legal conditions, to grant each shareholder the option to choose between a cash or share-based dividend payment with respect to all or part of the distributed dividend or interim dividend;
- approve the agreements discussed in Article L. 225-38 of the French Commercial Code;
- subject to the provisions of paragraph II of Article 14 of the articles of association, appoint the Directors, ratify or reject the provisional appointments made by the Board and, as the case may be, remove Directors from office at its entire discretion;
- approve the compensation policy for corporate officers, decide to allocate a fixed annual sum of compensation to Directors and determine the amount thereof, and approve the information and components referred to in paragraph I of Article L. 225-37-3 and paragraph III of Article L. 225-100 of the French Commercial Code."

The rest of the article is unchanged.

Resolution 28: Amendment of the articles of association concerning the appointment of alternate Statutory Auditors

› Presentation

In accordance with the provisions of paragraph 2 of Article L. 823-1 of the French Commercial Code, whereby it is not required to appoint an alternate Statutory Auditor when the permanent Statutory Auditor is a legal entity other than a simplified joint stock company with a sole shareholder (*société par actions simplifiée unipersonnelle*) or a single-member private limited liability company (*entreprise unipersonnelle à responsabilité limitée*), you are asked to amend the wording of paragraph I of Article 24 of the articles of association as follows:

Previous version	New version
Article 24 – Statutory Auditors I. The Ordinary Shareholders' Meeting appoints, under applicable legal conditions, one or more Statutory Auditors for a six-year term. These duties expire at the end of the Shareholders' Meeting held to approve the financial statements for the sixth financial year of said term. They carry out their auditing duties in accordance with the law. One or more alternate Statutory Auditors, called to replace the permanent Statutory Auditors in the event of the latter's death, resignation, impediment or refusal, are appointed by the Ordinary Shareholders' Meeting. (...)	*Article 24 – Statutory Auditors* I. The Ordinary Shareholders' Meeting appoints, under applicable legal conditions, one or more Statutory Auditors for a six-year term. These duties expire at the end of the Shareholders' Meeting held to approve the financial statements for the sixth financial year of said term. They carry out their auditing duties in accordance with the law. In the cases referred to in the second paragraph of Article L. 823-1 of the French Commercial Code, one or more alternate Statutory Auditors, called to replace the permanent Statutory Auditors in the event of the latter's death, resignation, impediment or refusal, are appointed by the Ordinary Shareholders' Meeting. (...)

Twenty-eighth resolution

Amendment of paragraph I of Article 24 of the articles of association concerning the appointment of Statutory Auditors

The Shareholders' Meeting, after reviewing the Board of Directors' report, resolves to amend the wording of paragraph I of Article 24 "Statutory Auditors", section III of the articles of association, which will now be as follows:

"Article 24 – Statutory Auditors

I. The Ordinary Shareholders' Meeting appoints, under applicable legal conditions, one or more Statutory Auditors for a six-year term. These duties expire at the end of the Shareholders' Meeting held to approve the financial statements for the sixth financial year of said term. They carry out their auditing duties in accordance with the law.

In the cases referred to in the second paragraph of Article L. 823-1 of the French Commercial Code, one or more alternate Statutory Auditors, called to replace the permanent Statutory Auditors in the event of the latter's death, resignation, impediment or refusal, are appointed by the Ordinary Shareholders' Meeting."

The rest of the article is unchanged.

Resolution 29: Powers for formalities

› Presentation

The 29th resolution is a standard authorisation to carry out publication and legal formalities.

Twenty-ninth resolution

Powers for formalities

The Shareholders' Meeting grants full powers to the bearers of an original, excerpt or copy of the minutes of this Meeting to complete all filings, publications and formalities prescribed by law.

Appendices to the text of resolutions 16 to 18

Information on the aggregate compensation and benefits in kind paid to the General Manager in 2019 or awarded to him in respect of that year in connection with his term of office

(15th and 16th resolutions of the Ordinary Shareholders Meeting of 26 June 2020)

Pursuant to Article L. 225-100 II of the French Commercial Code, you are asked to approve the fixed, variable and exceptional components comprising the aggregate compensation and benefits in kind paid or awarded to Franck Hattab, General Manager, for the year ended 31 December 2019 in connection with his term of office, as presented in the table below. All of these components are also detailed in the Board of Directors' corporate governance report in Chapter 2 of the 2019 Universal Registration Document:

Components of compensation submitted to vote	Gross amounts paid in 2019	Amounts awarded in respect of 2019 or book value	Presentation
Fixed compensation	€480,000		Amount set in accordance with the principles and criteria for determining, distributing and allocating the components of the General Manager's compensation in respect of 2019 decided by the Board of Directors on 13 March 2019 and approved by the Shareholders' Meeting of 15 May 2019 (17th resolution)
Annual variable compensation	€364,000 2018 annual variable compensation following approval by the Shareholders' Meeting of 15 May 2019 of the 16th resolution relating to the components of compensation paid or awarded to the General Manager for the year ended 31 December 2018	€465,000	Subject to the approval of the 15th resolution and as outlined in the presentation of that resolution, the Board of Directors decided to amend the methods for determining the annual variable compensation of the General Manager in respect of 2019 and to award him, having assessed his performance in the operations for which he was responsible for the successful completion in 2019 and his contribution to the exceptional and complex challenges faced by the Company in 2019, gross variable compensation in respect of 2019 of €465,000.
Additional compensation		€600,000	Subject to the approval of the 15th resolution, the Board of Directors decided to award additional compensation to the General Manager to reflect, amid complex circumstances, his outstanding mobilisation and engagement, the effective management and stability of the teams, the acceleration of the safeguard proceedings and adherence to the related schedule, as outlined in the presentation of the 15th resolution. The additional compensation will be paid in two equal instalments in 2020 and 2021, subject to a continuous service condition.
Multi-annual variable compensation	Not applicable		
Long-term incentive (LTI)	Not applicable		No payment was made to the General Manager in respect of 2019 under long-term incentive (LTI) plans. 2019 long-term incentive (2019 LTI) In order to increase the variable portion of the General Manager's overall compensation and take into account the Group's longer-term performance, the Board of Directors decided to once again award the General Manager a long-term incentive for 2019, subject to performance and continuous service conditions. The gross target amount, to be awarded on fulfilment of performance conditions, has been set at €300,000, i.e., 62.5% of his fixed compensation. Payment of the long-term incentive is subject to achievement of the following performance criteria, each accounting for 50% of the target amount, assessed over a three-year period (2019, 2020 and 2021): - consolidated EBITDA interest coverage ratio; - the cost of net debt of the current Rallye holding company scope. A minimum threshold and a target level have been set for the two criteria. The target level corresponds to performance in line with the Group's objectives. The long-term incentive is calculated on a linear basis between the minimum and maximum thresholds and there is no guaranteed minimum. In addition, the variable compensation as determined by the achievement of the above two criteria, will be based on the upward or downward change in the Rallye share price between the grant date and the vesting date (based on the average closing share price over the 20 trading days preceding these two dates).

Components of compensation submitted to vote	Gross amounts paid in 2019	Amounts awarded in respect of 2019 or book value	Presentation
			2017 long-term incentive (2017 LTI) Pursuant to the resolution proposed at the Shareholders' Meeting of 10 May 2017, payment of the long-term incentive awarded to the General Manager in 2017 is also subject to approval at the Shareholders' Meeting of 26 June 2020 (16th resolution). The principles and criteria for determining and awarding the LTI, set by the Board of Directors on 3 April 2017 and approved by the Shareholders' Meeting of 10 May 2017 with a majority of 97.45%, are summarised below. Payment of the long-term incentive was contingent on a continuous service condition and the achievement of two performance conditions assessed at the end of a three-year period (2017-2019). The performance conditions, each accounting for 50% of the target amount, are based on: - the ratio of consolidated EBTIDA to the cost of consolidated net debt; - the cost of net financial debt of the current Rallye holding company scope. A minimum threshold and a target level was also set for the two criteria. The target level corresponds to performance in line with the Group's objectives. The long-term incentive is calculated on a linear basis between the minimum and maximum thresholds. In addition, for 100% of the variable compensation as determined by the achievement of the above two criteria, a weighting will be applied based on the upward or downward change in the Rallye share price between the grant date and the vesting date (based on the average closing share price over the 20 trading days preceding these two dates). The gross target amount was set at €250,000, representing 59.52% of 2017 fixed compensation. Based on the level of achievement and in light of the 67% decrease in the Rallye share price between 10 May 2017 and 26 March 2020 (date of the Board of Directors' meeting setting the amount of the long-term incentive), the gross amount of the long-term incentive awarded was €82,510, representing 33% of the target amount.
Stock options and performance shares	Not applicable		The executive corporate officers of the Company are not beneficiaries of any stock option, free share or performance share plans. They have been excluded from the authorisations submitted to the Shareholders' Meetings since 2017.
Benefits in kind	€32,277 gross		The General Manager is a member of the specific unemployment insurance plan for Directors and corporate officers (GSC), which is treated as a benefit in kind.
Termination benefit	Not applicable		The General Manager is not entitled to any severance package.
Non-compete benefits	Not applicable		The General Manager is not entitled to any compensation under a non-compete clause.
Supplementary retirement plan	-		The General Manager is a member of the mandatory pension, health and supplementary retirement plan set up at Rallye for all employees. He also benefits from the defined benefit supplementary retirement plan in force at Rallye.

2020 compensation policy for the General Manager in connection with his term of office

(18th resolution of the Ordinary Shareholders' Meeting of 26 June 2020)

Pursuant to the new provisions of Article L. 225-37-2 of the French Commercial Code enacted in the government order of 27 November 2019 on executive compensation, at its meeting on 26 March 2020 and in line with the general principles set out in Chapter 2 of the 2019 Universal Registration Document, the Board of Directors set the 2020 compensation policy for the General Manager ensuring that it is in line with the Company's interests and strategy and with the interests of the shareholders and other stakeholders. This policy will be submitted for shareholder approval at the Shareholders' Meeting.

The Board of Directors also used the principles set out in the Afep-Medef Code (2020 version) as a guide.

Based on the recommendation of the Appointments and Compensation Committee and acting on the recommendations of specialised external consultants, the Board of Directors therefore defined the 2020 compensation policy and set the principles for determining the compensation of the General Manager for 2020 and the structure thereof, as follows:

› Fixed compensation

Gross fixed compensation for 2020 is unchanged at €480,000.

› Annual variable compensation

Based on market practice and the recommendations made, annual variable compensation would continue to be set at a target amount of 64.5% of fixed compensation (corresponding to a gross amount of €310,000) if the objectives are met. In the event of outperformance, annual variable compensation would represent up to 106.6% of fixed compensation (corresponding to a gross amount of €511,500).

Annual variable compensation would remain entirely contingent on the achievement of quantitative financial objectives and individual qualitative objectives.

In order to reflect the Company's priorities and strategic challenges, the Board of Directors has decided to apply two quantitative financial objectives (compared to three previously) – Group EBITDA and reduction in Rallye's gross debt – and to increase their weighting from 50% to 65%.

The variable component would therefore be determined as follows:

- Two quantitative financial objectives (65%): Group EBITDA (30%) and reduction in Rallye's gross debt (35%).
- Three individual qualitative objectives, whose weighting would be reduced from 30% to 20% of the target amount (without any increase for outperformance): day-to-day management of the safeguard proceedings, asset disposals and financial reporting.
- Assessment of managerial attitudes and behaviour, whose weighting would be reduced from 20% to 15% of the target amount (without any increase for outperformance).
- An outperformance bonus representing up to 200% for the two quantitative financial objectives only.

2020 variable compensation for the General Manager would be determined as follows:

OBJECTIVES Target level: €310k	Variable component	Maximum variable component
I/ Two quantitative financial objectives (65%)		
1 - EBITDA[1] France		
% of the target amount	*30%*	*60%*
Amount	€93k	€186k
2 - Reduction in Rallye's gross debt		
% of the target amount	*35%*	*70%*
Amount	€108.5k	€217k
II/ Three individual qualitative objectives (20%)		
1 - Day-to-day management of the safeguard proceedings		
% of the target amount	*10%*	
Amount	€31k	
2 - Financial reporting		
% of the target amount	*5%*	
Amount	€15.5k	
3 - Asset disposals		
% of the target amount	*5%*	
Amount	€15.5k	
III/ Managerial attitudes and behaviour (15%)	*15%*	
(initiatives, decision-making, team management, employee development, Director relationships, etc.)		
Corresponding variable component	€46.5k	

* *Linear change between amounts.*
(1) EBITDA as defined in Casino's bank covenants, i.e., EBITDA France Retail and Cdiscount.

› Long-term incentive (LTI)

In accordance with market practice and the recommendations made as regards the heavy weighting of the variable component in the overall compensation package and the assessment of the Company's longer-term performance, the Board of Directors has decided to once again award the General Manager a cash-based long-term incentive for 2020.

To determine the long-term incentive and the related performance conditions, the Board of Directors has decided to retain the criterion concerning the reduction in gross debt and to use the change in the share price as a criterion rather than as a weighting mechanism.

The long-term incentive would be determined as follows:

- The gross target amount is unchanged at €300,000, representing 62.5% of fixed compensation and also corresponding to the maximum amount.
- The performance conditions continue to be assessed over a three-year period (2020-2022).
- Two quantitative objectives, each accounting for 50%, based on the reduction in gross debt and the change in the Rallye share price.

A minimum threshold, a target level corresponding to the achievement of the objectives and an outperformance level have been set for the two criteria. There is no guaranteed minimum.

› Other components of compensation and benefits in kind awarded to the General Manager

The General Manager does not receive any stock options or performance shares and has been expressly excluded from any such plans under the resolutions submitted to the Extraordinary Shareholders' Meetings since 2017.

The General Manager is a member of the specific unemployment insurance plan for Directors and corporate officers (GSC), which is considered to be a benefit in kind, and is covered by all of the compulsory group retirement plans in existence at Rallye (ARRCO and AGIRC), the defined contribution supplementary retirement plan, and the health insurance and death and disability plans.

Furthermore, the General Manager is not covered by any defined benefit supplementary retirement plan, and is not entitled to any compensation for loss of office or any non-compete indemnity.

› Management of conflicts of interest

The Board of Directors' Internal Rules set out the rules related to the prevention and management of conflicts of interest. Directors who represent the interests of all shareholders have a duty to disclose any conflicts of interest they may have to the other Board members. The Internal Rules state that each Director is required to alert the Board of Directors regarding any actual or potential conflict of interest in which they might be directly or indirectly involved and, in such a case, to abstain from taking part in discussions and votes on the matters in question. Each Director is additionally required to consult with the Chairman before engaging in any activity or accepting any position or obligation that could result in a conflict of interest or a potential conflict of interest.

As part of its duties, the Appointments and Compensation Committee may therefore examine or bring before the Board of Directors any exceptional issue that may give rise to a potential or actual conflict of interest within the Board of Directors and give an opinion or make a recommendation on the matter.

Chapter 6

ADDITIONAL INFORMATION

Information about the Company

General information

Corporate name: Rallye

Registered office: 83, rue du Faubourg Saint-Honoré – 75008 Paris, France

Administrative headquarters: 32, rue de Ponthieu – 75008 Paris, France

Telephone number: +33 (0)1 44 71 13 73 – Website: www.rallye.fr/en

Legal form

Rallye is a joint-stock company (*société anonyme*) governed by Book II of the French Commercial Code (*Code de commerce*).

Governing law: French law

Formation – term

Date of formation: 20 January 1925

Expiry date: 31 December 2064

Term: 90 years, starting from 31 December 1974, the date of its first extension.

Corporate purpose

Article 3 of the articles of association

"The Company's purpose is to:

- acquire equity interests in any French or foreign business, whatever its legal form or purpose, and to manage these interests;
- provide administrative, accounting, legal, financial, IT, commercial or other services to further the interests of any company, as well as public relations services;
- acquire and manage all types of real estate;
- undertake any form of business, commission, or brokerage in its own name, or on behalf of others;
- and, in general, undertake any commercial, industrial, real estate, personal property or financial transactions either directly or indirectly related to, or likely to serve the Company's purpose or to help in its achievement.

It may, in France or abroad, create, acquire, use under licence or grant licences to use, any and all trademarks, designs, models, patents and manufacturing processes related to the above purpose.

It may act in any country, directly or indirectly, on its own account or on behalf of others, alone or in association, participation, grouping or company, with any other person or company, and carry out the transactions necessary to its purpose, under any form."

Trade and Companies Register

Registered with the Paris Trade and Companies Register (RCS) under number 054 500 574.

Consultation of the documents and information relating to the Company

Company documents relating to the last three financial years (annual financial statements, minutes of Shareholders' Meetings, Directors, Statutory Auditors' reports, articles of association, etc.) may be consulted at Rallye's administrative headquarters at 32, rue de Ponthieu – 75008 Paris, France.

Accounting year

Article 32 of the articles of association

The accounting year starts on 1 January and ends on 31 December.

Articles of association relating to the management and governance bodies – Board of Directors' Internal Rules

Board of Directors

› Composition of the Board of Directors (excerpt from Article 14 of the articles of association) – Subject to the approval of the 24th resolution submitted to the Extraordinary Shareholders' Meeting of 26 June 2020

I – The Company is administered by a Board composed of at least three and at most eighteen members.

II – The Board of Directors may also include, in accordance with the provisions of Article L. 225-27-1 of the French Commercial Code, one or two Directors representing employees, for whom the specific rules are subject to the legal provisions in force and the articles of association.

Whenever the number of Directors appointed by the Ordinary Shareholders' Meeting is lower than or equal to eight (8), a Director representing employees is appointed by the labour organisation that received the most votes in the first round of the elections, referenced in Articles L. 2122-1 and L. 2122-4 of the French Labour Code (*Code du travail*), held at the Company and its direct or indirect subsidiaries, the registered office of which is located on French territory. Whenever the number of Directors appointed by the Ordinary Shareholders' Meeting is higher than eight (8), two Directors representing employees must be appointed by each of the two labour organisations that received the most votes in the first round of elections.

The number of Directors appointed by the Ordinary Shareholders' Meeting to be taken into account to determine the number of Directors representing employees is assessed on the date the employee representatives are appointed to the Board.

› Directors' shares (excerpt from Article 15 of the articles of association)

Each Director must own at least one (1) share.

If Directors do not own the required number of shares on the day of their appointment, or cease to own them during their term of office, they shall automatically resign from office unless they remedy the position within six months.

› Term of office – Age limit – Replacement of Directors appointed by the Shareholders' Meeting (excerpt from Article 16 of the articles of association) – Subject to the approval of the 24th resolution submitted to the Extraordinary Shareholders' Meeting of 26 June 2020

I – Directors, with the exception of Director(s) representing employees, as provided for in paragraph II of Article 14 of the articles of association, are appointed for a term of office of one year expiring at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended and held during the year in which their term of office expires.

II – All Directors who are natural persons or who are permanent representatives of a legal entity are deemed to have automatically resigned from office at the end of the Ordinary Shareholders' Meeting held to approve the financial statements for the year during which they reach 75 years of age.

III – Directors are appointed or reappointed by the Shareholders' Meeting.

In the event of a vacancy due to the death or resignation of one or more Directors, the Board may, between two Shareholders' Meetings, make provisional appointments. These appointments shall be subject to ratification at the next Shareholders' Meeting.

Even if the appointment of a Director is not ratified by the Shareholders' Meeting, the actions performed by this Director and the resolutions passed by the Board during the provisional appointment are nonetheless valid.

If the number of Directors falls below three, the remaining Directors (or the Statutory Auditors or a representative designated at the request of any interested party by the President of the Commercial Court) must immediately convene an Ordinary Shareholders' Meeting to appoint one or more new Directors to fill the vacancies and to bring the number of Directors up to the required legal minimum.

The Director appointed to replace another Director shall only fill the vacancy for the remainder of the unexpired term of his or her predecessor.

The appointment of a new Director in addition to the serving Directors may only be decided on by the Shareholders' Meeting that sets the term of office.

› Organisation, meetings and decisions of the Board of Directors

Chairman – Board Committee (excerpts from Articles 17 and 20 of the articles of association)

The Board of Directors appoints a Chairman from among its members who are natural persons.

The Chairman of the Board of Directors organises and directs the activities of the Board and reports thereon to the Shareholders' Meeting. The Chairman ensures that the Company's management bodies function correctly and that the Directors are able to fulfil their duties.

The Chairman may be appointed for the entire term of his or her office as a Director, subject to the right of the Board of Directors to remove him or her from office and to the Chairman's right to resign before the expiry of his or her term of office. The Chairman is eligible for reappointment.

The Chairman is deemed to have automatically resigned from office at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the year during which he or she reaches 75 years of age.

The Board of Directors may remove him or her from office at any time.

In the event of the temporary incapacity or death of the Chairman, the Board of Directors may delegate the powers and duties of the Chairman to another Director. In the event of temporary incapacity, the delegation of the powers and duties shall be given for a limited period, which may be renewed. In the event of death, the delegation shall be valid until the appointment of a new Chairman.

Non-voting Directors (*censeurs*) (excerpt from Article 23 of the articles of association)

The Ordinary Shareholders' Meeting may appoint one or more non-voting Directors, which may be either legal entities or natural persons, chosen from among the shareholders. The Board of Directors may appoint non-voting Directors subject to ratification at the next Shareholders' Meeting.

Non-voting Directors are appointed for a term of office of one year. Their appointment expires at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the previous year and held in the year during which their term of office expires.

Any non-voting Director is deemed to have automatically resigned from office at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the year during which he or she reaches 80 years of age.

Non-voting Directors shall be eligible for reappointment any number of times, and may be removed from office at any time by decision of the Ordinary Shareholders' Meeting.

Non-voting Directors attend Board of Directors' meetings, and offer their opinions and observations and take part in the decision-making process in an advisory capacity.

They may receive compensation, the amount and distribution of which are set by the Board of Directors as part of the Directors' fees granted by the Shareholders' Meeting.

› Meetings of the Board of Directors (excerpt from Article 18 of the articles of association) – Subject to the approval of the 25th resolution submitted to the Extraordinary Shareholders' Meeting of 26 June 2020

The Board meets as often as required in the Company's interest and every time said Board deems it appropriate, at the location indicated in the meeting notification.

Meeting notifications are prepared by the Chairman or by any person he or she appoints to do so on his or her behalf; if the Board has not met for more than two months, one-third of the Directors in office can ask the Chairman to call for a meeting based on a predetermined agenda. The General Manager can also ask the Chairman to call for a meeting based on a predetermined agenda.

A Director can grant proxy to another Director for the purpose of being represented in the Board of Directors' decision-making process. The Board is the only body authorised to validate said proxy, which can be granted by any means, provided the request is completed in writing and is unambiguous as to the grantor's wishes. A Director may represent only one other Director.

II – In order for the Board's decisions to be considered fully valid and binding, the attendance of at least half of the Directors in office is necessary and sufficient. An attendance register shall be kept, which shall be signed by all Directors present at the meeting.

Decisions are taken based on a majority vote of the members present and represented. In the event of a split ballot, the Chairman of the meeting shall have the casting vote. However, in the event that the Board is composed of less than five members, decisions can be taken by two Directors in attendance, provided they are in agreement.

Directors may participate in the deliberations by videoconference or means of telecommunication, under the conditions and according to the terms provided under applicable regulations and the Board of Directors' Internal Rules.

III – The Board of Directors may, at the initiative of the Chairman, adopt by written consultation decisions falling within its remit in accordance with Article L. 225-37 of the French Commercial Code, and any decision to transfer the registered office within the same county (*département*).

IV – Decisions are recorded in minutes signed by the meeting's Chairman and at least one Director. Written consultations are recorded in minutes signed by the Chairman and at least one of the Directors present and must include the supporting documents for each Director's response in the appendices.

Copies or excerpts of these minutes, to be presented in court or elsewhere, are validly certified by the Chairman of the Board of Directors, the General Manager, the Deputy General Manager(s), the Director temporarily appointed to replace the Chairman, or a person duly authorised for this purpose.

The information and statements contained in the copies or excerpts of Board meeting minutes are binding on third parties and serve as proof of the number of Directors in office, their attendance or representation at a meeting, of whether they are acting as Directors or as permanent representatives of a legal entity appointed as Director, of the identity of the Chairman or Vice-Chairman of the Board of Directors currently in office, of the General Manager, the Deputy General Manager or the Director temporarily appointed to replace the Chairman, as well as regarding any proxies granted by represented Directors.

› Powers of the Board of Directors (excerpt from Article 19 of the articles of association) – Subject to the approval of the 26th resolution submitted to the Extraordinary Shareholders' Meeting of 26 June 2020

I – The Board of Directors sets the Company's business strategy and oversees its implementation, in line with its corporate interests, taking into consideration the social and environmental challenges of its business. Subject to powers expressly granted at Shareholders' Meetings and within the limit of the Company's corporate purpose, it handles any matters relating to the Company's proper functioning and votes on the matters for which it is responsible.

The Board of Directors carries out the controls and checks it deems appropriate.

II – When the Chairman is appointed or reappointed, the Board of Directors sets out the arrangements governing the Executive Management of the Company, which is performed either by the Chairman or by another natural person appointed for that purpose.

However, the Board of Directors may, at its sole discretion and at any time, modify the arrangements governing the Executive Management of the Company, without requiring any amendment to the Company's articles of association. Shareholders and third parties are informed of this choice under the conditions set by decree.

III – The Board may appoint committees and determine their composition and powers. The members of these committees are responsible for examining issues referred to them by the Chairman or the Board.

IV – In accordance with the law, the Board authorises the related-party agreements, other than those entered into in the normal course of business on arm's length terms, of the type referred to in Article L. 225-38 of the French Commercial Code. The Company is, however, forbidden from granting loans, overdrafts, sureties or guarantees to the persons referred to in Article L. 225-43 of the French Commercial Code or for reasons specified in Article L. 225-219 of the French Commercial Code.

V – In accordance with the provisions of the last paragraph of Article L. 225-35 of the French Commercial Code, the commitment of any sureties, underwritings or guarantees granted on behalf of the Company are subject to a Board of Directors' authorisation. The Board may, however, grant this authorisation in the aggregate and annually without a limit on the amount to guarantee the commitments made by the controlled companies within the meaning of paragraph II of Article L. 233-16 of the French Commercial Code. It may also authorise the General Manager to grant, in the aggregate and without a limit on the amount, sureties, underwritings or guarantees to secure the commitments made by controlled companies within the meaning of paragraph II of said Article, provided that he reports back to the Board at least once a year. The General Manager may also be authorised to grant sureties, underwritings or guarantees on behalf of the Company with no limit on the amount, with respect to the tax and customs authorities.

VI – Except where prohibited by law, all powers, offices and duties limited to one or more transactions or types of transaction may be delegated to any persons, whether Directors or not.

Furthermore, the Company's Board of Directors has set up a number of mechanisms in its internal rules to ensure the oversight of the Executive Management of the Company (see the "Corporate Governance" chapter).

Functions of Executive Management

Separation of the functions of Chairman of the Board of Directors from those of the General Manager (excerpt from Article 21 of the articles of association)

› Executive Management

The Executive Management of the Company may be conducted either under the responsibility of the Chairman of the Board of Directors or by another natural person, whether a Director or not, appointed by the Board of Directors and with the title of General Manager.

If the Executive Management of the Company is conducted by the Chairman, the provisions of this Article apply to him or her. He or she then takes the title of Chairman and General Manager.

The General Manager has the broadest powers to act in all circumstances on behalf of the Company. He or she exercises these powers within the limits of the Company's corporate purpose and subject to the powers expressly attributed by law to Shareholders' Meetings and to the Board of Directors.

He or she represents the Company in its dealings with third parties.

The term of office of the General Manager is freely set by the Board of Directors. It may not exceed the Directors' term of office as set forth in Article 16 above.

The General Manager is deemed to have automatically resigned from office at the end of the Ordinary Shareholders' Meeting convened to approve the financial statements for the year during which he or she reaches 75 years of age.

The General Manager may be removed from office at any time by the Board of Directors. If the General Manager is removed without just cause, he or she may seek compensation, unless he or she is also Chairman of the Board of Directors.

› Deputy General Managers

At the proposal of the General Manager, the Board of Directors may appoint one or more natural persons to assist the General Manager, with the title of Deputy General Manager.

The maximum number of Deputy General Managers is five.

In agreement with the General Manager, the Board of Directors determines the scope and duration of the powers to be vested in the Deputy General Managers. In dealings with third parties, Deputy General Managers have the same powers as the General Manager.

Deputy General Managers may be removed from office at any time by the Board of Directors at the proposal of the General Manager. If they are removed without just cause, they may seek compensation.

The Chairman, if he or she is also General Manager, the General Manager and the Deputy General Managers are authorised to delegate or substitute powers to carry out one or several specific transactions or categories of transaction.

Board of Directors' internal rules

The Board of Directors of the Company has adopted internal rules to describe the manner in which it functions, in addition to the laws, external regulations and articles of association governing the Company.

These internal rules specify firstly how the Board is organised and functions, and sets out the powers and duties of the Board of Directors and of the committees that it has established; and secondly the methods for monitoring and assessing their performance. (See the "Corporate Governance" chapter, which describes the various Board committees, the limits placed on the powers of Executive Management and the system for monitoring and assessing the Board of Directors' performance).

Allocation of net income

Article 33 of the articles of association

"I – The income statement shows the income or loss for the period, after the deduction of depreciation, amortisation and provisions.

From this income, after deduction of losses carried forward, if any, the following is withheld in priority:

- at least five percent, to constitute the legal reserve fund. This ceases to be mandatory once said fund has reached one-tenth of the capital, but becomes mandatory again if, for whatever reason, this requirement is no longer met; and
- any amounts to be set aside as reserves in compliance with the law.

The balance, together with any income carried forward, constitutes the earnings available for distribution. It may be distributed, by the Shareholders' Meeting on the proposal of the Board of Directors, either wholly or in part, to the shares as a dividend, or appropriated to any reserve or capital amortisation accounts, or to retained earnings.

The Shareholders' Meeting held to approve the financial statements for the period may grant each shareholder, for all or part of the dividend to be distributed, the option to choose between receiving the dividend in cash or in shares.

II – The Shareholders' Meeting may choose to use the reserves at its disposal to pay a dividend to the shares. In this case, the decision must expressly indicate the line items from which the amounts are to be withheld."

Information regarding Shareholders' Meetings

Shareholders' Meetings are convened as follows

Article 27, paragraphs I, II and III of the articles of association

I – The Shareholders' Meeting is convened by the Board of Directors, or, failing that, by the Statutory Auditors or by an agent appointed by the President of the Commercial Court ruling in summary proceedings at the request of one or more shareholders representing at least one-fifth of the share capital, or of an association of shareholders in the manner provided for in Article L. 225-120 of the French Commercial Code.

The meeting is convened at least fifteen days in advance on first call and at least ten days in advance for subsequent calls, by means of a notice published in a publication authorised to receive legal notices in the ***département*** of the Company's registered office and in the French official journal (***Bulletin des Annonces Légales Obligatoires***, known as the "BALO").

Shareholders holding registered shares for at least one month as of the date of such notices are convened by regular mail or by any means of electronic telecommunication.

The invitation is preceded by a notice containing the details provided for by law and published in the BALO at least thirty-five days prior to the Shareholders' Meeting.

II – Shareholders' Meetings are held in the city or town where the Company has its registered office, or in any other town in France, depending on what has been decided by the person convening the meeting, and at the venue indicated in the invitation.

III – The agenda for each Shareholders' Meeting is established by the person convening the meeting. If applicable, it contains proposals made by one or more shareholders, in the manner provided for by law.

Conditions of admission

Article 25, paragraphs I, II and III of the articles of association

I – Subject to forfeiture due to the failure to pay up shares within the prescribed deadlines, all shareholders are entitled to attend the Shareholders' Meeting, regardless of the number of shares they hold.

The Shareholders' Meeting, duly convened and constituted, represents all the shareholders; its decisions are binding on all, even dissenters and those lacking capacity or absent.

"II – Any shareholder may be represented in accordance with the law.

Minors and those lacking capacity are represented by their guardians and administrators, who need not personally be shareholders. Legal entities are validly represented by any authorised legal representative or by a person specifically authorised for that purpose.

Shareholders not resident in France may be represented by an agent duly registered as the holder of such shares on behalf of the former."

Any shareholder may also vote by mail in the manner and in accordance with the time limits prescribed by law.

The form for postal voting and for voting by proxy may be completed using the same document prepared by the author of the notice of meeting.

III – The right to attend Shareholders' Meetings is conditional on the shares being recorded in the share register in the name of the shareholder or of the intermediary registered on the shareholder's behalf, if the shareholder resides outside France, within the deadline provided for in Article R. 225-85 of the French Commercial Code. Shares are recorded either in the registered securities account held by the Company or by its authorised representative, or in the bearer securities account held by the broker authorised for this purpose.

The registration of shares in the bearer securities account maintained by the authorised broker is confirmed by a certificate of participation issued by the latter, including by e-mail, as an attachment to the postal voting or proxy form or in response to a request for an admission card drawn up in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary. A statement is also issued to shareholders who wish to attend the Shareholders' Meeting in person and who have not received an admission card within the time frame provided for under the terms of Article R. 225-85 of the French Commercial Code.

Article 12 of the articles of association

Beneficial owners, bare owners and joint owners of shares may attend Shareholders' Meetings in accordance with the law.

Composition of the Shareholders' Meeting

Article 25, paragraph IV of the articles of association

IV – Shareholders may, if the Board so decides, attend Shareholders' Meetings and vote remotely by videoconference or by any means of telecommunication or remote transmission, including the Internet, which allows for their identification in the manner prescribed by applicable regulations and those decided on by the Board.

On a decision of the Board of Directors, the shareholders may prepare the forms for postal voting or voting by proxy using an electronic medium, in the manner set by current regulations. These forms may be completed and signed directly on the website created by the centralised body responsible for Shareholders' Meetings. The form may be signed electronically using any means that complies with the provisions of the second paragraph of Article R. 225-79 of the French Commercial Code or any other subsequent legal provision that may replace it, including the use of an identification code and password.

Votes cast electronically, as well as any acknowledgement of receipt that is provided for it, shall be considered to be an irrevocable document, enforceable against all, except in the event of a transfer of shares notified in the manner provided for in the second paragraph of Article R. 225-85 IV of the French Commercial Code or by any other subsequent legal or regulatory provision that may replace it.

A proxy vote cast electronically, as well as an acknowledgement of receipt provided for it, shall be considered to be an irrevocable document enforceable against all persons, on the terms defined by law.

Conditions for exercise of voting rights

Article 28, paragraphs III and IV of the articles of association

III – Shareholders have as many votes as the shares they own or represent, with no limits, save as otherwise provided for by law or these articles of association.

Votes are cast by a show of hands, electronically or by any means of telecommunication that enables identification of the shareholders in the manner provided for by current regulations. The Shareholders' Meeting may also decide to vote by secret ballot at the proposal of the Meeting Committee.

Conditions for acquiring double voting rights

Article 28, paragraph III of the articles of association

However, double voting rights are granted, in the manner provided by law: (i) to all fully paid-up shares that are proven to have been registered for at least two years in the name of the same shareholder; and (ii), in the case of a capital increase by capitalisation of reserves, retained earnings or additional paid-in capital, to registered bonus shares that were granted to a shareholder on the basis of existing shares entitled to such rights.

The list of registered shares entitling their holders to double voting rights is approved by the Board of Directors.

The double voting rights thus granted to registered, fully paid-up shares cease, as a matter of law, for any shares that are converted into bearer shares or transferred to a different owner, except in the event of transfer from registered to registered ownership, pursuant to the provisions of Article L. 225-124 of the French Commercial Code.

For any proxy voting form from a shareholder that does not indicate the name of the representative, the Chairman of the Shareholders' Meeting votes for adoption of the draft resolutions presented or approved by the Board of Directors and votes against the adoption of any other draft resolutions. To cast any other vote, the shareholder must select a representative who agrees to vote as indicated by the shareholder.

Votes are cast by a show of hands, electronically or by any means of telecommunication that enables identification of the shareholders in the manner provided for by current regulations. The Shareholders' Meeting may also decide to vote by secret ballot at the proposal of the Meeting Committee.

Shareholders may also vote by absentee ballot in the manner prescribed by law.

Votes cast or proxies given by an intermediary that either has not disclosed its status as nominee shareholder acting on behalf of non-resident shareholders or has not disclosed the identity of those non-resident shareholders, as required by the applicable regulations, are not taken into account.

Ownership thresholds required to be declared to the Company

Article 10, paragraph II of the articles of association

Apart from being required to fulfil the legal obligation of informing the Company of the ownership of certain percentages of the Company's capital and the attached voting rights, any individual or legal entity – including any broker registered as the holder of shares owned by persons not resident in France –, who, alone or acting in concert with other natural persons or legal entities, should come to hold, or should cease to hold, in whatever manner, a fraction equal to 1% of the voting rights or any multiple thereof, must notify the Company of the total number of shares and voting rights held, by means of registered letter with acknowledgement of receipt, to the Company's registered office within five trading days from the date when one of these thresholds is crossed.

In the event that this notification obligation is not respected, and on the request, as recorded in the minutes of the Shareholders' Meeting, of one or more shareholders holding at least 5% of the capital, the voting rights exceeding the fraction which should have been declared may not be exercised at any Shareholders' Meeting held for a period of two years following the date of correct notification.

Identification of shareholders

Article 10, paragraph III of the articles of association (subject to the approval of the 23rd resolution submitted to the Extraordinary Shareholders' Meeting of 26 June 2020)

III – The Company or its agent may, under applicable legal and regulatory conditions, ask the main custodian of financial instruments at any time, directly or through one or more intermediaries in accordance with Article L. 211-3 of the French Monetary and Financial Code (***Code monétaire et financier***), for the name or, if it is a legal entity, the corporate name, the nationality, the year of birth or, if it is a legal entity, the year of incorporation, the postal and, if necessary, e-mail address of the holders of bearer shares granting immediate or future access to a voting right at Shareholders' Meetings, the number of securities each of them holds and, as the case may be, the restrictions attached to these securities, as well as any other information provided for by the applicable legal and regulatory provisions.

When a financial institution identifies, in the list it is responsible for drawing up, following a request referred to in the first paragraph above, an intermediary mentioned in the seventh paragraph of Article L. 228-1 of the French Commercial Code registered on behalf of one or more third-party shareholders, it will forward this request to him or her, unless the Company or its agent expressly objects at the time of the request. Said registered intermediary is required to forward the information to the financial institution, which is responsible for disclosing it, as the case may be, to the Company, its agent or the main custodian.

In addition, by virtue of Article L. 228-3-1 II of the French Commercial Code, any legal entity owning shares in excess of 2.5% of the capital or the voting rights must, when so requested by the Company, reveal the identity of the individuals and/or legal entities that own, either directly or indirectly, more than one-third of its capital or voting rights.

In application of Article L. 228-3-3 of the French Commercial Code, failure to provide the information requested under Articles L. 228-2 II, L. 228-3 or L. 228-3-1 of the French Commercial Code, or the provision of incomplete or erroneous information, will be punishable by the loss of voting and dividend rights attached to the shares held by the person who received the request for information, until such date as the correct information is supplied.

Stock market information

Securities listed on Euronext Paris (Compartment B)

- Rallye share (ISIN code: FR0000060618)[1].

Securities listed on the Luxembourg Stock Exchange

- Rallye 4% bonds maturing April 2021 (ISIN code: FR0011801596), issued 2 April 2014[1].
- Rallye 4.371% bonds maturing January 2023 (ISIN code: FR0013257557), issued 23 May 2017[1].

Securities listed on the Swiss Stock Exchange

- Rallye 4% bonds maturing November 2020, in Swiss francs (ISIN code: CH0341440326), issued 23 November 2016[1].
- Rallye 3.25% bonds maturing February 2024, in Swiss francs (ISIN code: CH0398013778), issued 8 February 2018[1].

Securities listed on the Frankfurt Stock Exchange

- Rallye 1% bonds maturing October 2020 exchangeable for Casino, Guichard-Perrachon shares (ISIN code: FR0011567908), issued 2 October 2013[1].
- Rallye 5.25% bonds maturing February 2022, non-dilutive, redeemable in cash only and exchangeable for Casino, Guichard-Perrachon shares (ISIN code: FR0013215415), issued 26 October 2016[1].

Volumes traded and changes in the Rallye share in the past 18 months[1]

Year/Month	High (€)	Low (€)	Trading volumes *(in shares)*	Trading volumes *(€ millions)*
2018				
September	11.45	8.57	3,099,316	30.66
October	10.65	9.48	2,195,749	21.89
November	10.48	9.17	1,399,431	13.61
December	9.72	8.50	1,420,879	12.85
2019				
January	10.05	8.70	759,160	7.03
February	11.86	10.05	1,095,763	11.96
March	12.96	10.28	1,690,553	19.93
April	10.80	9.72	1,062,326	10.87
May	10.40	2.80	8,482,540	39.20
June	8.13	3.71	10,819,454	68.24
July	7.17	3.99	5,116,341	26.34
August	5.20	3.85	3,501,537	15.71
September	8.48	5.05	4,942,890	35.05
October	8.35	6.25	2,483,639	17.69
November	8.45	6.51	1,709,751	12.72
December	10.50	6.42	3,858,324	34.97
2020				
January	10.30	8.50	2,072,285	19.02
February	9.20	7.30	1,275,362	10.63

(1) Source: Euronext.

At 29 February 2020, the Rallye share price stood at €8.07 and the Company's market capitalisation was €421.11 million.

(1) Institutions providing securities administration services: BNP Paribas Securities Services – Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex, France.

Person responsible for the Universal Registration Document and the Annual Financial Report

Person responsible for the Universal Registration Document and the Annual Financial Report

Franck Hattab, General Manager

Business address: 83, rue du Faubourg Saint-Honoré – 75008 Paris, France

The information is provided under the sole responsibility of the Company's senior management.

Statement by the person responsible for the Universal Registration Document including the Annual Financial Report

"I declare, after taking all reasonable care to ensure that such is the case, that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all subsidiaries included in the scope of consolidation. I also declare that the information contained in the management report appearing on page 7 onwards gives a true and fair view of trends in the business operations, results and financial position of the Company and the consolidated group, as well as a description of the main risks and uncertainties facing those companies.

I have obtained from the Statutory Auditors an audit completion letter, in which they state that they have verified the information concerning the financial position and the financial statements in this Universal Registration Document and have read the entire document.

The Statutory Auditors' report on the historical financial information contained in this document appears on pages 96 and 202 for the year ended 31 December 2019 and below incorporated by reference for the years ended 31 December 2018 and 31 December 2017.

The Statutory Auditors' report on the 2019 consolidated financial statements, appearing on page 96, contains the following observation: "Without qualifying our opinion, we draw your attention to the following matter described in note 1.3 "Changes in accounting methods and restatement of comparative information" to the consolidated financial statements, which describes the methods of application and the impacts of the first-time application of IFRC 16 – Leases, the impacts of the entry into force of IFRIC 23 – Uncertainty over Income Tax Treatments and the change of presentation of the costs of obtaining a contract."

Franck Hattab,
General Manager

Documents incorporated by reference

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in this Universal Registration Document:

- For the year ended 31 December 2018:
  - the consolidated financial statements prepared in accordance with IFRS, and the parent company financial statements for the year ended 31 December 2018, the corresponding Statutory Auditors' reports and Group management report on pages 82 to 176, 182 to 207, 76 to 81, 178 to 181 and 7 to 42, respectively, of the Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on 18 April 2019 under number D.19-0361.
- For the year ended 31 December 2017:
  - the consolidated financial statements prepared in accordance with IFRS, and the parent company financial statements for the year ended 31 December 2017, the corresponding Statutory Auditors' reports and Group management report on pages 96 to 185, 192 to 214, 90 to 95, 188 to 191 and 7 to 56, respectively, of the Registration Document filed with the AMF on 17 April 2018 under number D.18-0340.

Other information contained in the Registration Documents for 2018 and 2017 has, where applicable, been replaced by or updated with the information contained in this Universal Registration Document. The Registration Documents for 2018 and 2017 are available at the Company's registered office and online at www.rallye.fr/en.

Auditing of the financial statements

Statutory Auditors

› KPMG Audit

Tour Eqho – 2, avenue Gambetta – 92066 Paris-La Défense Cedex, represented by Jean-Marc Discours, appointed at the Ordinary Shareholders' Meeting of 29 June 1993 and successively reappointed at the Ordinary Shareholders' Meetings of 6 June 2001, 6 June 2007, 14 May 2013 and 15 May 2019 for terms of six years, i.e., until the Ordinary Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2024.

› Ernst & Young et Autres

1/2, place des Saisons – 92400 Courbevoie – Paris-La Défense 1, represented by Henri-Pierre Navas, appointed at the Ordinary Shareholders' Meeting of 1 June 1999 and successively reappointed at the Ordinary Shareholders' Meetings of 8 June 2005, 4 May 2011 and 10 May 2017 for terms of six years, i.e., until the Ordinary Shareholders' Meeting convened to approve the financial statements for the year ending 31 December 2022.

Person responsible for the financial information

Franck Hattab – General Manager

Phone: +33 (0)1 44 71 13 73

Fax: +33 (0)1 44 71 13 70

E-mail: info@rallye.fr

Documents on display – Shareholder information

Rallye is committed to the continual improvement of its financial information and exchanges with its shareholders and French and international investors.

Rallye's Financial Communication Department provides the financial community with access to the following information:

- the Universal Registration Document;
- financial press releases;
- Company documents relating to the past three financial years;
- reports, letters, valuations and special reports prepared by expert assessors at the Company's request;
- historical financial information regarding the Company and its subsidiaries;
- the dedicated website: www.rallye.fr/en.

In line with its communication policy, Rallye provides all shareholders and investors with unlimited access to this information via download or on request.

Rallye's Financial Communication Department makes the Group's financial results presentation available on the Company's website.

Cross-reference table for the Universal Registration Document

To facilitate the reading of the Universal Registration Document, the subject-based table below can be used to identify the main information required by Annex 1 to Commission Delegated Regulation (EU) No. 2019/980 supplementing Regulation No. 2017/1129.

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Board of Directors' corporate governance report – Cross-reference table

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2019 UNIVERSAL REGISTRATION DOCUMENT