RALLYE

2020

Interim Financial Report

Article 222-4 of the AMF General Regulation

RALLYE

Contents

** The interim financial statements for the periods ended 30 June 2020 and 30 June 2019 have been reviewed by the Statutory Auditors.*

RALLYE

A French *société anonyme* (joint stock company) with a share capital of €157,119,705

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KEY FIGURES

In line with the AMF's recommendations, all costs associated with the pandemic, including special bonuses and similar benefits paid to employees, are presented in recurring operating income.

(€ millions)	First-half 2020	First-half 2019 (restated)[1]	*Change*
Continuing operations:			
Net sales	16,141	16,845	*(704)*
Recurring operating income	375	449	*(74)*
Net income (loss) from discontinued operations	**(150)**	**56**	***(205)***
Consolidated net income (loss)	**(128)**	**(166)**	***38***
Attributable to owners of the parent	**43**	**(102)**	***145***
In € per share[2]	*0.82*	*(1.95)*	*2.77*

(1) Previously published comparative information at 30 June 2019 has been restated mainly to reflect the reclassification of Leader Price and Groupe GO Sport within discontinued operations (note 1.3).

(2) Based on the weighted average number of Rallye shares outstanding during the period.

(€ millions)	30 June 2020	31 December 2019 (restated)[1]	*Change*
Consolidated balance sheet			
Consolidated shareholders' equity	4,933	6,285	*(1,353)*
Net debt	7,535	7,054	*480*

(1) The financial statements published previously have been restated (note 1.3).

STATEMENT BY THE PERSON RESPONSIBLE

for the Interim Financial Report

I certify, to the best of my knowledge, that the financial statements presented in the interim financial report have been prepared in accordance with the applicable accounting standards and give a true and fair view of the Rallye Group's assets, financial position and results, and that the interim business report presents a true and fair view of the main events which occurred during the first six months of the year, their impact on the interim consolidated financial statements, the main risks and uncertainties for the remaining six months of the year and the main related-party transactions.

Paris, 31 July 2020

Franck Hattab
General Manager

INTERIM BUSINESS REPORT

Business report

The comments in the Interim Financial Report reflect comparisons with first-half 2019 results from continuing operations.

In light of the decision made in 2019 to divest Leader Price and Groupe GO Sport, these businesses are presented as discontinued operations in first-half 2019 and first-half 2020 in accordance with IFRS 5. The comparative figures for first-half 2019 have been restated accordingly. Via Varejo, which was sold on 14 June 2019, is presented as a discontinued operation in the financial statements for the six months ended 30 June 2019, in accordance with IFRS 5.

Organic and same-store changes exclude fuel and calendar effects.

In line with the AMF's recommendations, all costs associated with the pandemic, including special bonuses and similar benefits paid to employees, are presented in recurring operating income.

Main changes in the scope of consolidation

- Various store disposals and acquisitions during first-half 2019 within Franprix-Leader Price
- Disposals and closures of loss-making stores during first-half 2019
- Completion of the disposal of Via Varejo on 14 June 2019
- Completion of the disposal of Vindémia on 30 June 2020

Currency effects

	Average exchange rates			Closing exchange rates		
	30 June 2019	30 June 2020	% change	30 June 2019	30 June 2020	% change
Colombia (EUR/COP) (x1,000)	3.6008	4.0704	-11.5%	3.6369	4.2271	-14.0%
Brazil (EUR/BRL)	4.3435	5.4167	-19.8%	4.3511	6.1118	-28.8%

CASINO GROUP

Casino key figures in first-half 2020

(€ millions)	H1 2019 restated	H1 2020	Reported change	Change at CER
Net sales	**16,842**	**16,140**	**-4.20%**	**5.90%**
EBITDA	**1,123**	**1,066**	**-5.10%**	**4.00%**
Trading profit	**455**	**386**	**-15.30%**	**-3.60%**
Underlying net profit/(loss) from continuing operations, Group share	12	(87)	n.a.	n.a.
Net debt	(4,703)	(4,834)	*(131)*	n.m.
o/w France	*(2,899)*	*(2,821)*	*77*	*n.m.*

Significant events of the first half of 2020

- Strong increase in Casino's net sales, up +10.4% in Q2 on a same-store basis, with:
  - In France, same-store growth of +6.0% and +7.9% including Cdiscount
  - For Cdiscount[1], acceleration in gross merchandise volume (GMV) to 25%, driven by a 39% increase in the marketplace, which accounted for 46.3% of GMV.
  - In Latin America, organic growth of +17.3%, led by Assaí in Brazil (+26.4%[1])

- Casino's EBITDA for the first half of the year up 4%[2] and EBITDA margin in France up +9 bps despite the additional costs of the pandemic, thanks to strengthened cost-saving plans
  - In France, EBITDA margin for the retail business improved by +9 bps to 7.2%.
    - Cost savings plans and the Rocade plan generated savings of +€40m, representing a sustained improvement in the cost ratio of +50 bps
    - The health crisis generated a +€80m effect on activity, which was more than offset by temporary additional costs related to emergency measures taken to ensure the supply of populations in challenging conditions (logistics costs: -€27m, staff reinforcements: -€28m) and to protect our employees and clients (safety, protection equipment, cleaning: -€38m). On top of these operational effects of -€13m, the special employee bonus of -€37m brings the net impact of the health crisis to -€50m in H1 2020.
  - Excellent performance by Cdiscount, with EBITDA up +€30m, led by the marketplace
  - In Latin America, EBITDA increased by 9.9%[2], reflecting excellent performances at Assaí.

- In France, strong free cash flow generation of €507m over 12 months; solid liquidity at end-H1 2020 with €3.2bn including €2.3bn in undrawn confirmed credit lines

- Casino's growth pillars strengthened in France
  - Formats: double-digit growth in urban and convenience formats in the quarter, with 68 store openings; Growth of +14% in organic sales. A total of 444 autonomous stores
  - Food E-commerce[3]: triple-digit growth and strong momentum obtained post-lockdown, with around 10,000 orders per day (vs. 6,500 before the crisis); deployment of the Casino O'logistique automated warehouse based on Ocado technology, with a five-fold increase in orders in one month
  - Non-food E-commerce: acquisition of one million new customers in Q2
- Sale of Leader Price to Aldi France for €735m, bringing the total amount from disposals signed to €2.8bn, and completion of the sale of Vindémia, bringing total proceeds received to €2.0bn

[1] Data published by the subsidiary.
[2] Growth at constant exchange rates
[3] Food E-commerce = E-commerce France excluding Cdiscount

Strong mobilisation of Casino Group resources during the unprecedented Covid-19 crisis

Casino Group mobilised its resources to fulfil its essential role of securing food supplies for people during the unprecedented health crisis. Priority was placed on implementing measures to protect employees and customers: face masks and hydro-alcoholic gels, plexiglass screens, systematic cleaning in line with health guidelines, physical distancing between customers, and automated checkout solutions. Measures were also taken in concert with suppliers and public authorities to ensure supply chain continuity and secure operations.

Casino Group recorded additional costs related to maintaining its operations under challenging conditions. Most of these no longer apply since the lifting of lockdowns.

- Additional logistics costs: extra transport costs, organisational issues relating to problems with supplier deliveries, non-application of logistics-related penalties;
- Additional staff costs: extra staff, night-time hours, employer contributions for employees on sick leave or at home minding their children;
- Additional health and safety costs: emergency mass purchases of face masks, gloves and hydro-alcoholic gels, plexiglass screens, reinforced store cleaning, security guards to regulate the distance between customers;
- Additional costs relating to the special bonus for employees.

Acceleration in E-commerce and digital solutions, and further development of buoyant formats

In the first half of the year, demand was particularly high in Casino Group's convenience stores and on its E-commerce sites. Food E-commerce generated triple-digit growth in Q2 2020, with the deployment of click & collect and home delivery solutions in urban and convenience formats. The Casino O'logistique automated warehouse, based on Ocado technology, was also deployed during the period. Ramp-up at the warehouse was rapid, with a five-fold increase in the number of orders between end-May and end-June. The delivery zone has been extended to four departments (Paris and its inner suburbs), covering 6.8m residents. When lockdown measures were lifted, the transition to a new consumption model picked up pace. Orders were up by +50% to around 10,000 orders per day in the last weeks of the period, versus 6,500 before the crisis.

Cdiscount maintained its strong growth momentum, driven by an increase in the marketplace contribution to gross merchandise value (GMV) to 46.3% in Q2, up +6.2pts. Casino Group adjusted its product mix towards more high-margin, recurring products (DIY, gardening, sport, daily shop). The customer base increased significantly with 1m new clients in Q2, with a peak of 25m unique visitors in May.

Digital solutions continued to be rolled out in stores. In June, automated checkouts[1] represented 46% of total checkouts in hypermarkets and 40% in supermarkets. Casino Group now has 444 autonomous stores, of which half of hypermarkets (58 stores) and half of supermarkets (167 stores). The CasinoMax Extra subscription loyalty programme[2] accounted for 10% of net sales at hypermarkets and supermarkets during the period.

At the same time, Casino Group continued to focus on developing its premium and convenience formats, with 68 store openings during the first half. The objective is to open 300 new stores by 2021, in addition to the 213 stores opened in 2019. Casino Group is also pursuing the development of non-food corners, particularly at Franprix with Hema and Decathlon, which have now been integrated into 79 and 18 stores, respectively. The organic segment maintained its good momentum with growth of +14.4% for the first half of the year.

Continued development of new businesses

Casino Group continues to develop its new value-creating businesses. GreenYellow pursued its international expansion during the period by signing its 100th photovoltaic contract in Thailand, as well as a 12MWp photovoltaic contract in South Africa with a company that operates in precious metals. In Brazil, energy efficiency contracts were signed with several retailers.

Development of the Data business with relevanC has continued, up by a strong +34% during the first half to €44m, despite a downturn in the market. The "relevanC Advertising" platform, for managing and monitoring advertising campaign budgets, will help speed up the acquisition of new clients.

In the Data Centers business, ScaleMax, computing capacity at the warehouse in Réau increased by +30% in the first half of the year. During lockdown, computing capacity was made available to the Folding@home project for research into Covid-19.

[1] Via smartphone or self-service checkout
[2] Subscription of €10 per month (or €90 for 12 months) offering an immediate 10% discount on all purchases.

Advances in the disposal of non-strategic assets

Casino Group announced the **sale of 567 Leader Price stores and 3 warehouse**s in metropolitan France to Aldi France, for an enterprise value of €735m[1], bringing the **total amount from disposals signed to €2.8bn.**

Casino Group also completed the sale of its subsidiary **Vindémia**, the leading retailer in the Indian Ocean region. This brought the **total proceeds received from completed disposals to €2.0bn.**

Recognition of Casino Group's CSR commitments

Casino Group was named the **No. 1 European retailer** by Vigeo Eiris[2] for its **CSR policy and commitments.** The Group ranked as the top European retailer for its commitments to the **climate,** to **environmental protection,** its **human resources policies** and its **corporate governance**, and for its **employee relations policies** and human resources out of the entire panel of 129 French companies evaluated. Among its initiatives, Casino Group promoted organic products, which generated €1.2bn in net sales in H1 2020 (over a 12-month period), notably via its network of more than 200 specialised stores. It used 160 tonnes of recycled plastic for its packaging. In addition, 18,700 tonnes of products were donated to food banks and other non-profit organisations in 2019. **Lastly, Casino Group reduced its direct greenhouse gas emissions by 19.6% between 2015 and 2019[3].**

Second-quarter 2020 net sales

In the second quarter of 2020, Casino Group's net sales came to €7,846m, down -7.5% in total. The currency and fuel effects had unfavourable impacts of 13.1% and 2.9% respectively over the period, while the calendar effect was -0.4%. On a **same-store basis**, Casino Group's net sales rose by **+10.4%[4]**, driven by strong demand in **France and Latin America**, in an environment shaped by the unprecedented health crisis.

In France, total sales were impacted by a downturn in fuel sales (-€157m or -4.1pts) and by the impact of the Rocade plan on hypermarkets and supermarkets. **Same-store growth** for the quarter came to **+6.0%**, led by double-digit growth in **urban and convenience formats** (Franprix, supermarkets and convenience stores) and **triple-digit growth in food E-commerce**. Monoprix posted a sharp increase in food sales (+7.6% on a same-store basis) and enjoyed renewed momentum in non-food sales from mid-May.

Cdiscount[5] delivered organic growth in gross merchandise volume (GMV) of +24.8%, despite the postponement of the summer sales period to mid-July, with growth driven by the marketplace and by direct sales. The **marketplace** grew by +39% over the quarter and accounted for 46.3% of GMV (+6.2pts). Cdiscount attracted one million **new customers** during the quarter, with a peak of 25m unique visitors in May. International GMV doubled during the quarter, thanks to a platform that brings together 88 websites covering 25 countries.

In **Latin America** (GPA Food and Éxito), sales rose by **+12.5% on a same-store basis and by +17.3% on an organic basis**. The total net sales figure was impacted by an unfavourable currency effect of -28.2%.
During the quarter, sales in Latin America benefited from the **success of Multivarejo's turnaround strategy**, which resulted in +15.8% growth on a same-store basis[2], and from another **excellent performance by Assaí**, which reported organic growth of +26.4%[2]. Éxito put in a good performance, achieving same-store growth of +6.0%[2] despite restrictions on movement in Colombia.

First-half 2020 results

Casino Group's net sales amounted to **€16,140m** in H1 2020, representing a change of -4.2% in total and an increase of +9.4% on an organic basis and +8.4% on a same-store basis.

In **France**, same-store H1 net sales rose by +6.0%, led by the urban and convenience formats.

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[1]Including a €35m earn-out, contingent on the achievement of certain operating indicators during the transition period
[2] A subsidiary of rating agency Moody's
[3] Tonnes of CO_2 equivalent in Scopes 1 + 2, based on the 2019 scope of consolidation
[4] Excluding fuel and calendar effects
[5] Data published by the subsidiary.

E-commerce (Cdiscount) posted an organic increase in gross merchandise volume (GMV) of +12.0%[1], driven by the growing contribution of the marketplace and B2C services. Cdiscount has recorded sustained growth since the end of the lockdown, confirming the trend.

Sales in Latin America rose by +15.7% on an organic basis and by +10.5% on a same-store basis, lifted by a very good performance from Assaí and an upturn in demand at Multivarejo.

Casino Group's EBITDA reached €1,066m, up +4.0% at constant exchange rates.

In France, EBITDA margin for the retail business improved by +9 bps to 7.2%.

The cost-saving plans and the Rocade plan generated savings of +€40m, representing a sustainable improvement in the cost ratio of +50 bps.

The health crisis generated a +€80m effect on activity, which was more than offset by temporary additional costs related to emergency measures taken to ensure the supply of populations in challenging conditions (logistics costs: -€27m, staff reinforcements: -€28m) and to protect our employees and clients (safety, protection equipment, cleaning: -€38m). On top of these operational effects of -€13m, the special employee bonus of -€37m brings the net impact of the health crisis to -€50m in H1 2020.

Cdiscount recorded an increase in EBITDA of +€30m, for an EBITDA margin of 4.5% (+302 bps), and an increase in gross margin of +2.8 pts, driven by a shift in the product mix to generate more high-margin, repeat-purchases sales (DIY, gardening, sport, daily shop).

In Latin America, EBITDA increased by +9.9% excluding the currency effect. At GPA, EBITDA grew by +10.9% excluding the currency effect, led by the improving profitability of Assaí. For Grupo Éxito, EBITDA was up +7.3% excluding the currency effect.

Consolidated trading profit came to €386m. Trading profit was impacted by the non-recurring additional costs associated with Covid-19 (of which -€47m of special employee bonus for the whole Casino Group) and a currency impact of -€55m. Excluding special employee bonuses, consolidated trading profit improved by +7% at constant exchange rates. In France, the retail trading profit amounted to €144m, up +2%, excluding special employee bonus.

Financial position at 30 June 2020

France free cash flow excluding the disposal plan and the Rocade plan came to -€40m in H1 2020, representing a gain of +€140m versus H1 2019. Change in working capital for H1 2020 reflected a +€137m improvement on H1 2019 driven by the sales momentum and the action plans. Gross Capex was down -14% over the period.

In France, net debt declined slightly over the 12 months to 30 June 2020 after the reintegration of €555m corresponding to the Segisor repayment (c. €200m) and to the settlement of the GPA forward and TRS (€357m). In France, Casino Group generated operating free cash flow[2] of €507m in France, or €254m after financial expenses and dividends, and collected €469m in proceeds from disposals.

At 30 June 2020, Casino France[3] net debt stood at €2.8bn, versus €2.9bn a year earlier, and E-commerce net debt was virtually stable. Latam net debt increased by €187m in connection with the Group's structural simplification process in Latin America.

At 30 June 2020, Casino Group consolidated net debt stood at €4.8bn vs. €4.7bn a year earlier.

At 30 June 2020, Casino in France[2] had €3.2bn in liquidity, comprising a gross cash position of €913m and confirmed undrawn lines of credit of €2.3bn. In addition, Casino Group had an amount of €186m in an escrow account dedicated to the repayment of bonds.

[1] Data published by the subsidiary.
[2] Excluding disposal and Rocade plans
[3]Casino Group's holding structure, including the French activities and the wholly-owned holding companies

Additional financial information relating to the 2019 refinancing documentation

At 30 June 2020, the Group complied with covenants in the "France Retail + E-commerce[1]" scope. The gross debt/adjusted EBITDA ratio was 6.62x, below the 7.50x limit, with headroom of €764m in gross debt. The adjusted EBITDA/net finance costs ratio was 3.76x, above the required 2.25x, representing headroom of €350m in EBITDA.

GROUPE GO SPORT

In the context of the ongoing disposal process, Groupe GO sport is classified under IFRS 5 and is no longer recorded in Group's 2020 net sales.

RALLYE HOLDING COMPANY SCOPE

The Rallye holding company scope is defined as Rallye plus its subsidiaries that act as holding companies and the investment portfolio.

Significant events of the first half of 2020

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 proceedings is provided in the Business Report section of the 2019 Universal Registration Document.

On 26 March 2020, Rallye's Board of Directors approved, in light of the constantly-changing impact on the world's financial markets of the Coronavirus (Covid-19) pandemic, an agreement with Fimalac (a company controlled by Marc Ladreit de Lacharrière) relating to the refinancing of the derivatives transactions entered into by Rallye, Cobivia and HMB, as well as the financing of the general corporate needs of Rallye for an amount of up to €15 million.

On 17 July 2020, Rallye issued 210,042,400 bonds with a par value of €1 each[2]. The issue was taken up in full by Fimalac. The proceeds of the issue were used to repay all the derivatives transactions entered into by Rallye, HMB and Cobivia[3], which were not covered by the safeguard plans of said companies but were subject to specific agreements (see Rallye press release dated 25 November 2019).

The bonds subscribed by Fimalac bear PIK interest and have a maturity of four years with a one-year extension subject to agreement between Rallye and Fimalac[4]. The early repayment events provided for under the issue, which are customary for such types of financing, are set out below:

- occurrence of an event following which Jean-Charles Naouri no longer holds directly or indirectly at least 50% of the voting rights of Casino, plus one vote;
- rescission of Rallye's safeguard plan.

As security for the refinancing of Rallye's derivatives transactions and the financing of Rallye's general corporate needs, 9,468,255 shares of Casino (i.e., 8.73% of Casino's share capital), previously pledged to the financial institutions party to the derivatives transactions, have been transferred by Rallye to a fiduciary trust for the benefit of Fimalac.

The characteristics of the financing of Rallye's general corporate needs are the same as those relating to the bonds subscribed by Fimalac for the refinancing of derivatives transactions. At the date of this document, the facility has not yet been drawn down.

The Casino shares previously pledged to banks party to the derivatives transactions were transferred to the fiduciary trust on 20 July 2020, resulting in two threshold crossings: Rallye's stake in Casino fell below 50% of the share capital, and the share capital and voting rights held by Equitis Gestion (the fiduciary) in Casino rose above 5% of the share capital. In accordance with the trust agreement, and for as long as Equitis Gestion is not notified of any of the early repayment events provided for under the financing facility, the voting rights associated with the 9,468,255 Casino, Guichard-Perrachon shares placed in the fiduciary trust will be exercised by Equitis Gestion acting on Rallye's instructions. Any distributions, such as dividends, relating to the 9,468,255 Casino, Guichard-Perrachon shares placed in the fiduciary trust will be immediately used to pay back the facility ahead of term.

The transfer of the Casino shares to the fiduciary trust is neutral for accounting and tax purposes and does not affect the percentage interest held by Rallye in Casino for consolidation purposes.

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[1] Scope as defined in refinancing documentation with mainly Segisor accounted for within France Retail + E-commerce scope
[2] The transaction led to the cancellation of the financing facility entered into with Fimalac at the level of Par-Bel 2 (see Rallye press release dated 30 March 2020). Par-Bel 2 is a subsidiary wholly owned by Euris, itself wholly owned by Jean-Charles Naouri and his family.
[3] HMB and Cobivia were merged into Rallye in first-half 2020 in accordance with the safeguard plan.
[4]A press release regarding the agreement signed between Fimalac and Rallye, which constitutes a related-party agreement, was published on Rallye's website in accordance with Article L. 225-40-2 of the French Commercial Code.

Net debt of the Rallye holding company scope

The following table reconciles gross debt with net debt for the Rallye holding company scope:

(€ millions)	30 June 2020	31 Dec. 2019
Claims secured by pledges over Casino shares	1,177	1,165
Unsecured claims	1,627	1,600
Claims secured by pledges over shares of Rallye subsidiaries other than Casino	213	207
Total – claims under the safeguard plans	**3,017**	**2,972**
Derivatives	210	223
Total – gross debt	**3,226**	**3,195**
Cash and cash equivalents and other financial assets	(139)[1]	(193)
Total – net debt before IFRS restatements	**3,088**	**3,002**
IFRS restatements (including the impact of the approval of the safeguard plan)	(386)	(2)
Total – net debt	**2,702**	**3,000**

Gross debt for the Rallye holding company scope stood at €3,226 million at 30 June 2020, up €31 million, mainly reflecting:

- finance costs (excluding IFRS) of €64 million during first-half 2020, which will be paid in accordance with the repayment undertakings approved by the Paris Commercial Court on 28 February 2020;
- debt repayments for €32 million following the netting of cash collateral by financial institutions in possession of such form of security.

Before IFRS restatements, net debt of the Rallye holding company scope stood at €3,088 million at 30 June 2020, compared with €3,002 million at 31 December 2019.

The change in net debt of the Rallye holding company scope in first-half 2020 breaks down as follows:

(€ millions)	30 June 2020	31 Dec. 2019
Net debt at beginning of period	**3,000**	**2,899**
Finance costs (excluding IFRS)	64	95
Holding costs	18	22
Dividends received from Casino	-	(88)
Dividends paid by Rallye	-	53
Other	5	(10)
Change in IFRS restatements (including the impact of the approval of the safeguard plan)	(385)	31
Net debt at end of period	**2,702**	**3,000**

After taking into account the change in IFRS restatements for a negative €385 million, net debt for the Rallye holding company scope stood at €2,702 million at 30 June 2020.

Rallye and its subsidiaries Cobivia, HMB and Alpétrol, along with Rallye's parent companies Foncière Euris, Finatis, and Euris, requested and obtained the initiation of safeguard proceedings for an initial six-month period, further to the Court decisions of 23 May 2019 and 17 June 2019.

In its decisions dated 28 February 2020, the Paris Commercial Court approved Rallye's safeguard plan and the repayment undertakings, based on the following principles:

- for claims secured by pledges over Casino shares, repayment of at least 85% of the claim under annuity 3 of the plan and the balance under annuity 4;

[1] At 30 June 2020, cash and cash equivalents and other financial assets for the Rallye holding company scope include €82 million in cash collateral (compared with €114 million at 31 December 2019) in the form of UCITS that may be appropriated by financial institutions in order to enforce their security right in accordance with the safeguard plan.

- for claims not secured by pledges over Casino shares, repayment over a ten-year period starting on the plan approval date, 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%[1];
  - Annuity 10: 65% (less the amounts paid under annuities 1 and 2).

Rallye has analysed the accounting treatment for the modifications resulting from the liability repayment plan and the other modifications made to financial liabilities and, more particularly, the existence of a substantial modification within the meaning of IFRS 9 – Financial Instruments.

Given the specific characteristics of the safeguard proceedings, the application of IFRS 9 led to the restatement of financial liabilities (excluding derivatives transactions) in an amount of €384 million at 30 June 2020, recognised as a reduction of consolidated debt.

This restatement breaks down as follows:

- for liabilities whose terms have not been substantially modified, a gain of €29 million was recorded in financial income with a corresponding reduction in financial liabilities. This reduction corresponds to the difference between the net carrying amount at the safeguard plan approval date and the sum of all cash flows under the safeguard plan, discounted at the original effective interest rate, as provided for in IFRS 9;
- for liabilities whose terms have been substantially modified (quantitatively and/or qualitatively), these modifications were treated as an extinguishment of the original financial liability and the recognition at fair value of a new financial liability, in accordance with IFRS 9. The fair value of the new financial liabilities was determined based on quoted prices for said liabilities on the secondary market or, if necessary, by reference to quoted prices for similar liabilities when no secondary market prices were available at the safeguard plan approval date. Depending on the financial liabilities, the fair values recorded represented 26% to 27% of the par value for a total notional amount of €482 million. The extinguishment of financial liabilities generated a €354 million increase in financial income, and a corresponding decrease in financial liabilities.

Taking into account the renegotiation of derivatives recognised in 2019, the modification and extinguishment of liabilities led to a €386 million increase in financial income and a corresponding decrease in debt. This amount will be amortised on an actuarial basis (based on the applicable effective interest rate) and gradually recovered via an increase in the cost of net debt in accordance with the repayment terms defined in the safeguard plan (note 2.1 to the interim consolidated financial statements).

The accounting treatment of the operation, with the reduction in financial liabilities and a higher interest expense in subsequent periods reflects the application of IFRS 9 and does not affect the terms of the safeguard plan or the overall liability to be repaid under the repayment plan.

Simplification of the Rallye holding company scope

In order to simplify Rallye's stake in Casino and Groupe GO Sport, the companies HMB, Cobivia, Alpétrol (as provided for in their respective safeguard plans), and MFD were absorbed by Rallye. As a result of this operation, as at 30 June 2020, all Casino shares owned by the Rallye holding company scope are now held directly by Rallye.

Details of pledges granted to creditors of entities within the holding company scope

At 30 June 2020, the level of security interests granted to financial institutions is unchanged from those admitted to the safeguard plan:

- 53.5 million Casino shares out of a total of 56.7 million shares held by Rallye;
- €82 million in cash collateral;
- a portion of the shares in Groupe GO Sport (70%) and in Parande – a wholly-owned Rallye subsidiary carrying the financial investment portfolio on its books – and the Rallye current account held with Parande as part of the assignment of receivables as security under the French Dailly mechanism.

[1] In accordance with Article L. 626-18, paragraph 5 of the French Commercial Code (*Code de commerce*), for each claim whose principal amount is to be fully repaid on the date of the first annuity under the repayment schedule, repayment will begin on the annuity date set by the repayment schedule that immediately follows the contractual maturity date, as stipulated in the agreement initially signed between the parties prior to the initiation of Rallye's safeguard proceedings. At that date, the principal amount and any related expenses will be paid in an amount equivalent to that which would have been received by the creditor concerned if said creditor had been included in the repayment schedule since the decision approving the Safeguard Plan. The principal amount and any related expenses repaid under subsequent annuities will be determined according to the liability repayment schedule.

Investment portfolio of the Rallye holding company scope

Rallye's investment portfolio was valued at €34 million at 30 June 2020.

MAIN RELATED-PARTY TRANSACTIONS

Casino

During the period, there were no significant changes in the type of transactions carried out by Casino with related parties compared with those disclosed at end-December 2019.

Rallye

Related-party transactions are described in Rallye's 2019 Universal Registration Document, which was filed with the French Financial Markets Authority (*Autorité des marches financiers* –AMF) on 29 April 2020, under number D.20-0404. They mainly concern transactions entered into in the ordinary course of business with companies over which the Group exercises notable influence or joint control and which have been consolidated by the equity method. These transactions are carried out on arm's length terms. At 30 June 2020, Foncière Euris owned 58.2% of Rallye's capital and 72.0% of its voting rights.

In first-half 2020, Rallye's Board of Directors authorised two related-party agreements. A press release regarding the agreements was published on Rallye's website in accordance with Article L. 225-40-2 of the French Commercial Code.

These related-party agreements concern:

- The bond financing agreement entered into with Fimalac, as described in the Rallye press release dated 30 March 2020, to allow Rallye to (i) repay in full all derivatives transactions entered into by Rallye, HMB, and Cobivia, which are not covered by the safeguard plans of said companies but are subject to specific agreements (see Rallye's press release dated 25 November 2019), for a maximum principal amount of €215 million, and (ii) finance Rallye's general corporate needs for a maximum principal amount of €15 million.
- As part of the financing set up to allow Rallye to repay in full all derivatives transactions and as security and collateral for its payment and repayment obligations in respect of the two bond financing agreements, Rallye has undertaken to enter into a fiduciary-trust management agreement, governed by French law, with Fimalac, under which a fiduciary trust will be created in which the 9,468,255 Casino shares held by Rallye will be deposited.

In accordance with Article L. 225-38 of the French Commercial Code, these agreements are subject to the approval of the Board since the Chairman of Rallye's Board of Directors, Jean-Charles Naouri, is also a member of the Board of Directors of Fimalac. In accordance with Article L. 225-40 of the French Commercial Code, Mr Naouri did not take part in the Board discussions or the vote on the abovementioned agreements.

Other relationships with related parties, including the compensation methods applicable for company directors, have remained comparable to those in 2019 and no unusual transactions, in nature or amount, occurred during the period.

More details on related-party transactions are provided in notes 3.3.3 and 12 to the interim consolidated financial statements.

DESCRIPTION OF KEY RISKS AND UNCERTAINTIES IN FIRST-HALF 2020

The Group's business activities are exposed to certain risk factors described in Rallye's Universal Registration Document for 2019, which is available on the Group's website and was filed with the AMF on 29 April 2020, under number D.20-0404.
With regard to risks relating to applications filed to contest the decision to approve Rallye's safeguard plan, two third-party claims were filed by (i) mutual funds SLGP Corporate Bonds Cantonnement and SLGP Income Convertible Cantonnement and (ii) mutual fund SLGP Short Bonds Cantonnement, represented by Swisslife Gestion Privée. SLGP Short Bonds Cantonnement is one of the five controllers (*contrôleurs*) of the Rallye safeguard plan. The third parties' claims will be heard at the Commercial Court on 22 September 2020. It is recalled that third-party creditors may only file third-party proceedings if they are claiming an infringement of their rights or putting 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 be advanced by any other creditor. All decisions as to third-party proceedings are open to appeal and to judicial review.
In addition, certain creditors – Bred (hearing scheduled for 10 September 2020) and Natixis (hearing date not yet set) in respect of the CICE tax credit, and DIIS (hearing date not yet set) in respect of bonds – have appealed the claims acceptance orders.
These appeals are unlikely to impact the Company's safeguard plan approved by the Commercial Court on 28 February 2020.

It is specified that Bred revoked its application to have its claim included in the safeguard plan (for approximately €29.2 million out a of a total €33.6 million submitted) and, for the remaining €4.4 million, asked the Court of Appeal to stay the proceedings.

OTHER INFORMATION

The definition of non-GAAP indicators is available on the Rallye Group website at www.rallye.fr/en

Trends and outlook

Casino's priorities in France for the second half of the year are:

- **Activity growth** driven by food E-commerce and Cdiscount, expansion in buoyant formats and the commercial momentum of the banners;
- **Continued improvement in profitability** through the ramp-up of ongoing cost-saving plans and the growth in new activities (energy and data);
- **Cash generation** with continued efforts to reduce inventories and control capex;
- **Reduction in gross debt** with the allocation of all proceeds from the disposal plan to debt reduction, and the continuation of the €4.5bn disposal plan of non-strategic assets.

Recent events

On **17 July 2020**, Rallye issued €210 million worth of bonds, which were taken up in full by Fimalac (see significant events section).

No significant events occurred at the level of Casino after the end of the interim reporting period.

Appendix 1: Alternative performance indicators

The definition of key non-GAAP indicators are available on Rallye's website (http://www.rallye.fr/fr/investisseurs/obligations), 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 in the notes to the 2019 consolidated financial statements, (ii) non-recurring financial items, as well as (iii) income tax expense/benefits related to these adjustments and (iv) the application of IFRIC 23 – Uncertainty over Income Tax Treatments.

Non-recurring financial items include fair value adjustments to equity derivative instruments (such as 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)	H1 2020	Restated items	H1 2020 underlying	H1 2019	Restated items	H1 2019 underlying
Recurring operating income	**375**	**-**	**375**	**449**	**-**	**449**
Other operating income and expenses	(248)	248	-	(303)	303	-
Operating income	**127**	**248**	**375**	**146**	**303**	**449**
Cost of net debt	133	(385)[1]	(252)	(199)	-	(199)
Other financial income and expenses	(263)	74	(189)	(165)	(40)	(205)
Income tax expense	12	(66)	(54)	(24)	(33)	(57)
Share of net income of equity-accounted investees	14	-	14	21	-	21
Net income (loss) from continuing operations	**22**	**(129)**	**(107)**	**(221)**	**230**	**9**
o/w attributable to non-controlling interests[2]	(99)	126	28	(23)	110	86
o/w attributable to owners of the parent	**121**	**(255)**	**(135)**	**(198)**	**120**	**(78)**

[1] Restated for the impacts of applying IFRS 9 – Financial Instruments (see note 2.1 to the interim consolidated financial statements).
[2] Restated for the amounts relating to the restated items listed above and for the application of IFRIC 23 – Uncertainty over Income Tax Treatments.

RALLYE

*Condensed interim consolidated financial statements at 30 June 2020**

** The interim financial statements for the periods ended 30 June 2020 and 30 June 2019 have been reviewed by the Statutory Auditors.*

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

(€ millions)	*Notes*	First-half 2020	First-half 2019 (restated)[1]
Continuing operations			
Net sales	5/6.2	16,141	16,845
Other income	6.2	245	328
Total income		**16,387**	**17,173**
Cost of goods sold		(12,404)	(12,915)
Gross margin		**3,982**	**4,258**
Selling expenses	6.3	(2,939)	(3,105)
General and administrative expenses	6.3	(668)	(705)
Recurring operating income	**5.1**	**375**	**449**
Other operating income	6.5	231	45
Other operating expenses	6.5	(479)	(347)
Operating income		**127**	**146**
Income from cash and cash equivalents	9.3.1	9	11
Cost of gross debt	9.3.1	123	(209)
Cost of net debt		***133***	***(199)***
Other financial income	9.3.2	88	107
Other financial expenses	9.3.2	(351)	(272)
Income (loss) before tax		**(4)**	**(218)**
Income tax (expense) benefit	7	12	(24)
Share of net income of equity-accounted investees	3.3.1	14	21
Net income (loss) from continuing operations		**22**	**(221)**
Attributable to owners of the parent		*121*	*(198)*
Attributable to non-controlling interests	*10.3*	*(99)*	*(23)*
Discontinued operations			
Net income (loss) from discontinued operations	**3.2.2**	**(150)**	**56**
Attributable to owners of the parent	3.2.2	*(78)*	*96*
Attributable to non-controlling interests	3.2.2	*(72)*	*(40)*
Continuing and discontinued operations			
Consolidated net income (loss)		**(128)**	**(166)**
Attributable to owners of the parent		*43*	*(102)*
Attributable to non-controlling interests		*(171)*	*(64)*
Per share, in €:			
From continuing operations		2.30	(3.77)
From continuing and discontinued operations		0.82	(1.95)

(1) The financial statements published previously have been restated (note 1.3)

Consolidated statement of comprehensive income

(€ millions)	First-half 2020	First-half 2019 (restated)[1]
Consolidated net income (loss)	**(128)**	**(166)**
Items that may subsequently be reclassified to profit or loss	**(1,188)**	**59**
Cash flow hedges and cash flow hedge reserve[2]	(14)	(36)
Foreign currency translation reserves[3]	(1,152)	83
Debt instruments at fair value through other comprehensive income		2
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	(26)	(2)
Income tax effects	4	12
Items that will never be reclassified to profit or loss	**(4)**	**(11)**
Equity instruments at fair value through other comprehensive income	(7)	(11)
Share of items of equity-accounted investees that will never be subsequently reclassified to profit or loss		(1)
Actuarial gains and losses	3	1
Income tax effects	(1)	
Other comprehensive income (loss), net of tax	**(1,192)**	**48**
Total comprehensive income (loss) for the period, net of tax	**(1,320)**	**(118)**
Attributable to owners of the parent	*(216)*	*(110)*
Attributable to non-controlling interests	*(1,104)*	*(8)*

(1) The financial statements published previously have been restated (note 1.3)

(2) The change in the cash flow hedge reserve in first-half 2020 and first-half 2019 was not material.

(3) The €1,152 million negative net translation adjustment in first-half 2020 arose primarily from the depreciation of the Brazilian real for €843 million and the Columbian peso for €259 million. The €83 million positive net translation adjustment in first-half 2019 arose mainly from the appreciation of the Brazilian real for a €112 million, partially offset by the depreciation of the Uruguayan peso for €37 million.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

ASSETS

(€ millions)	*Notes*	30 June 2020	31 December 2019 (restated)[1]
Non-current assets			
Goodwill	8	7,740	8,483
Intangible assets	8	2,046	2,297
Property, plant and equipment	8	4,273	5,115
Investment property	8	443	494
Right-of-use assets	8	4,388	4,838
Investments in equity-accounted investees		205	341
Other non-current assets		1,057	1,243
Deferred tax assets		853	772
Total non-current assets		**21,005**	**23,582**
Current assets			
Inventories		3,379	3,782
Trade receivables		807	836
Other receivables		1,343	1,240
Tax assets		131	112
Other financial assets		413	419
Cash and cash equivalents	9.1	2,261	3,646
Assets held for sale	3.2.1	2,730	3,011
Total current assets		**11,064**	**13,045**
Total assets		**32,068**	**36,627**

(1) The financial statements published previously have been restated (note 1.3)

Equity and liabilities

(€ millions)	*Notes*	30 June 2020	31 December 2019 (restated)[1]
Equity			
Share capital	10.1	157	157
Additional paid-in capital, retained earnings and net income (loss)		(596)	(376)
Equity attributable to owners of the parent		***(438)***	***(219)***
Equity attributable to non-controlling interests	10.3	5,371	6,505
Total equity		**4,933**	**6,285**
Non-current liabilities			
Non-current provisions for employee benefits		338	357
Other non-current provisions	11.1	322	466
Non-current financial liabilities	9.2.1	10,167	8,318
Non-current lease liabilities		3,628	3,938
Put options granted to owners of non-controlling interests		62	61
Other non-current liabilities		169	190
Deferred tax liabilities		459	566
Total non-current liabilities		**15,146**	**13,897**
Current liabilities			
Current provisions for employee benefits		11	11
Other current provisions	11.1	181	153
Trade payables		5,107	6,602
Current financial liabilities	9.2.1	1,752	4,524
Current lease liabilities		678	740
Put options granted to owners of non-controlling interests		119	105
Current tax liabilities		84	48
Other current liabilities		2,853	2,872
Liabilities associated with assets held for sale	3.2.1	1,206	1,390
Total current liabilities		**11,990**	**16,445**
Total equity and liabilities		**32,068**	**36,627**

(1) The financial statements published previously have been restated (note 1.3)

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of cash flows

(€ millions)	*Notes*	First-half 2020	First-half 2019 (restated)[1]
Cash flow from operating activities			
Net income (loss) before tax from continuing operations		(4)	(218)
Net income (loss) before tax from discontinued operations	3.2.2	(97)	138
Consolidated net income (loss) before tax		**(100)**	**(80)**
Depreciation/amortisation for the period	6.4	680	667
Provision and impairment expense	4.1	89	120
Unrealised losses (gains) arising from changes in fair value	9.3.2	72	(36)
Expenses (income) on share-based payment plans		7	9
Other income and expenses		(59)	(8)
(Gains) losses on disposals of non-current assets	4.4	(49)	(12)
(Gains) losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		20	7
Dividends received from equity-accounted investees	3.3.1	15	24
Cost of net debt	9.3.1	(133)	199
Interest paid on leases, net	9.3.2	138	131
Non-recourse factoring and associated transaction costs	9.3.2	32	36
(Gains) losses on disposal of discontinued operations	3.2.2		(156)
Adjustments related to discontinued operations		39	142
Net cash from operating activities before change in working capital and income tax		**754**	**1,045**
Income tax paid		(45)	(118)
Change in working capital	4.2	(765)	(1,112)
Income tax paid and change in working capital: discontinued operations		104	(781)
Net cash from (used in) operating activities	(A)	**48**	**(966)**
Of which continuing operations		***1***	***(480)***
Cash flow from investing activities			
Acquisitions of property, plant and equipment, intangible assets and investment property	4.3	(447)	(527)
Disposals of property, plant and equipment, intangible assets and investment property	4.4	169	408
Acquisitions of financial assets	4.10	(472)	(23)
Disposals of financial assets	4.10	254	60
Effect of changes in scope of consolidation resulting in acquisition/loss of control	4.5	165	125
Effect of changes in scope of consolidation related to equity-accounted investees	4.6	(10)	(16)
Change in loans and advances granted		(22)	15
Net cash from (used in) investing activities of discontinued operations		(17)	715
Net cash from (used in) investing activities	(B)	**(380)**	**757**
Of which continuing operations		***(363)***	***42***

(€ millions)	Notes	First-half 2020	First-half 2019 (restated)[1]
Cash flow from financing activities			
Dividends paid:			
• to owners of the parent	10.4		(57)
• to non-controlling interests		(33)	(138)
• to holders of deeply-subordinated perpetual bonds (TSSDI)		(33)	(42)
Capital reductions/increases for cash			
Transactions between the Group and owners of non-controlling interests	4.7	(21)	(32)
Purchases and sales of treasury shares		(1)	(59)
Acquisitions and disposals of financial investments		32	26
New borrowings	4.8	1,070	1,055
Repayments of borrowings	4.8	(868)	(655)
Repayment of lease liabilities		(340)	(348)
Interest paid, net	4.9	(439)	(440)
Other repayments		(9)	(6)
Net cash from (used in) financing activities of discontinued operations		(12)	(473)
Net cash from (used in) financing activities	(C)	**(655)**	**(1,169)**
Of which continuing operations		***(643)***	***(695)***
Effect of changes in exchange rates on cash and cash equivalents			
• of continuing operations	(D)	(398)	47
• of discontinued operations			19
Change in cash and cash equivalents	(A+B+C+D)	**(1,385)**	**(1,312)**
Net cash and cash equivalents at beginning of period	**(E)**	**3,624**	**4,578**
Of which net cash and cash equivalents from:			
• continuing operations	9.1	3,544	3,652
• operations held for sale		80	926
Net cash and cash equivalents at end of period	**(F)**	**2,239**	**3,266**
Of which net cash and cash equivalents from:			
• continuing operations	9.1	2,140	3,212
• operations held for sale		99	54
Change in cash and cash equivalents	(F-E)	**(1,385)**	**(1,312)**

(1) The financial statements published previously have been restated (note 1.3)

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in equity

(€ millions)	Share capital	Addition-al paid-in capital	Treasury shares	Retained earnings and net income (loss) for the period	Other reserves[1]	Equity attribu-table to owners of the parent	Equity attribu-table to non-controlling interests	Total consolidated equity
Equity at 1 January 2019	**161**	**1,496**	**(17)**	**520**	**(1,340)**	**820**	**9,037**	**9,857**
Other comprehensive income (loss) (restated)(*)					(8)	**(8)**	56	**48**
Net income (loss) for the period (restated)(*)				(102)		**(102)**	(64)	**(166)**
Total comprehensive income (loss) (restated)(*)				***(102)***	***(8)***	***(110)***	***(8)***	***(118)***
Equity transactions	(4)	(12)				**(16)**		**(16)**
Purchases and sales of treasury shares			16	11		**27**	(68)	**(41)**
Dividends paid/to be paid[2]				(53)		**(53)**	(148)	**(201)**
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries[3]				28		**28**	(747)	**(719)**
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries				(4)		**(4)**		**(4)**
Other movements				5		**5**	(10)	**(5)**
Equity at 30 June 2019 (restated)(*)	**157**	**1,484**	**(1)**	**405**	**(1,348)**	**697**	**8,056**	**8,753**
Equity at 31 December 2019	**157**	**1,483**		**(451)**	**(1,402)**	**(213)**	**6,505**	**6,292**
Impacts of IFRS 16 adjustments				(6)		**(6)**		**(6)**
Equity at 31 December 2019 (restated)(*)	**157**	**1,483**		**(457)**	**(1,402)**	**(219)**	**6,505**	**6,286**
Other comprehensive income (loss)					(259)	**(259)**	(933)	**(1,192)**
Net income (loss) for the period				43		**43**	(171)	**(128)**
Total comprehensive income (loss)				***43***	***(259)***	***(216)***	***(1,104)***	***(1,320)***
Equity transactions								
Purchases and sales of treasury shares				(3)		**(3)**	2	**(1)**
Dividends paid/to be paid[2]							(14)	**(14)**
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries								
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries				(11)		**(11)**	4	**(7)**
Other movements				11		**11**	(22)	**(11)**
Equity at 30 June 2020	**157**	**1,483**		**(417)**	**(1,661)**	**(438)**	**5,371**	**4,933**

(*) The financial statements published previously have been restated (note 1.3).

(1) See note 10.2 "Breakdown of other reserves".

(2) Dividends paid and payable to non-controlling interests during the year primarily concern Éxito for €11 million and Uruguay for €2 million (first-half 2019: Casino, GPA and Éxito for €80 million, €24 million and €21 million, respectively).

(3) In first-half 2019, the negative impact mainly corresponded to the loss of control of Via Varejo.

Detailed summary of the notes to the financial statements

Notes to the consolidated financial statements

For the six months ended 30 June 2020

(data in € millions)

GENERAL INFORMATION

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 condensed consolidated financial statements at 30 June 2020 reflect the accounting position of the Company and its subsidiaries, as well as the Group's interests in joint ventures and associates.

On 29 July 2020, the Board of Directors approved the publication of the consolidated financial statements of the Rallye Group for the six months ended 30 June 2020.

Note 1 • Significant accounting policies

1.1. Accounting standards

Pursuant to European Commission Regulation No. 1606/2002 of 19 July 2002, the condensed consolidated financial statements of the Rallye Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union at 30 June 2020.

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 condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, as reported in the Universal Registration Document filed with the AMF on 29 April 2020 under number D.20-0404.

The condensed interim consolidated financial statements were prepared in accordance with international financial reporting standard IAS 34 – Interim Financial Reporting. They do not contain all the information and notes included in the annual financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019.

The consolidated financial statements of the Rallye Group at 31 December 2019 are available on request from the Company's finance department at 32 rue de Ponthieu, Paris 8th, or from its website at www.rallye.fr/en.

Standards, amendments to standards, and interpretations adopted by the European Union and mandatory for financial years beginning on or after 1 January 2020

The accounting principles used to prepare these condensed consolidated financial statements for the six months ended 30 June 2020 are identical to those applied to the annual consolidated financial statements for the year ended 31 December 2019, with the exception of the accounting changes related to the following amendments applicable from 1 January 2020.

- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 – Definition of a Business

These texts had no material impact on the Group's consolidated financial statements.

The Group also early adopted the amendments to IFRS 9 and IFRS 7 – Interest Rate Benchmark Reform in its financial statements.

IFRS IC decision on the enforceable period of a lease and the useful life of leasehold improvements

In December 2019, the IFRS IC published its decision on (i) determining the enforceable period of an automatically renewable lease or a lease that can be terminated by either of the parties with no contractual penalty, and (ii) the link between the useful life of non-removable leasehold improvements and the IFRS 16 lease term. This decision provides clarifications that may impact the term of leases other than the particular cases mentioned.

The French accounting standards-setter (*Autorité des Normes Comptables* – ANC) issued a new position statement regarding "3-6-9"-type commercial leases in France in its 3 July 2020 statement of conclusions, superseding its previous position statement of 16 February 2018. The ANC confirms that:

- the initial lease term to be adopted is generally nine years. This period can be reduced to the contractual non-cancellable period of three or six years, at the lessee's discretion. The lease term may also be longer if provided for in the lease contract;
- an automatically renewable period may also be taken into account in determining the initial term of the lease if the lessee is reasonably certain that it will renew the lease and/or the lessor cannot terminate the lease without incurring a significant penalty; any such period represents an extension of the initial term of the lease;
- If an automatically renewable period is not taken into account when determining the initial term of the lease, the lease term is to be re-estimated and the initial amount of the right-of-use asset and lease liability is modified to reflect the additional period during which the lessee is reasonably certain to continue the lease;
- the assumptions used to determine the lease term must be consistent with those used to determine the useful life of non-removable leasehold improvements.

Casino Group has begun a further analysis of its leases in order to identify contracts whose initial accounting under IFRS 16 could be affected by this situation.

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.

In light of the current situation and the difficulties encountered in first-half 2020 due primarily to the Covid-19 pandemic, as well as industry discussions regarding "3-6-9"-type commercial leases which were finalised in early July 2020, Casino Group was unable to complete its analyses and therefore did not apply this decision when preparing its consolidated financial statements for the six months ended 30 June 2020. Casino Group will finalise its analyses in the second half of 2020.

It should be noted that Group subsidiary GPA applied the IFRS IC decision in its consolidated financial statements for the year ended 31 December 2019. 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 was essentially limited to an increase in lease liabilities and in right-of-use assets of €188 million and €170 million respectively, at 31 December 2019.

1.2. Basis of preparation and presentation of the consolidated financial statements

1.2.1 Going concern basis

The consolidated financial statements for the six months ended 30 June 2020 were 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 assuming that no dividends will be paid by Casino over the next 12 months;
- no dividend will be paid by Rallye to its shareholders over the next 12 months.

On 28 February 2020, the Paris Commercial Court approved Rallye's 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, 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 are presented in euros, which is the functional currency of the Group's parent company. 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 financial statements are drawn up and concern the following:

- classification and measurement of the net assets of Leader Price and Groupe GO Sport, as well as assets of the France segment, in accordance with IFRS 5 (note 3.2);
- valuation of non-current assets and goodwill (note 8);
- measurement of deferred tax assets (note 7);
- recognition, presentation and measurement of the recoverable amounts of tax credits or taxes (mainly ICMS, PIS and COFINS in Brazil) (notes 5.1 and 11);
- 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;
- provisions for risks (note 11), particularly tax and employee-related risks in Brazil.

1.3. Changes in accounting methods and restatement of comparative information

The tables below show the impact on the previously published first-half 2019 consolidated income statement and consolidated statement of cash flows resulting mainly from the classification of Leader Price and Groupe GO Sport as discontinued operations since end-2019 in accordance with IFRS 5 (discontinued operations include Leader Price and Groupe GO Sport for the two periods presented and Via Varejo for first-half 2019 only).

Impacts reflected in the “Other” column essentially relate to:

- the change in the method of presenting costs to obtain contracts: At end-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” (see notes to the 2019 consolidated financial statements);
- the definitive impacts of retrospectively applying IFRS 16 – Leases, previously published in the financial statements for the six months ended 30 June 2019 and recalculated in second-half 2019 once the Group’s lease management software was put in place.

Impact on the main consolidated income statement indicators in first-half 2019

(€ millions)	First-half 2019 (reported)[1]	Discontinued operations		Other	First-half 2019 (restated)
		Leader Price	Groupe GO Sport		
Net sales	18,149	(999)	(305)		16,845
Other income	328				328
Total income	**18,477**	**(999)**	**(305)**		**17,173**
Cost of goods sold	(13,950)	809	200	26	(12,915)
Selling expenses	(3,344)	158	97	(16)	(3,105)
General and administrative expenses	(760)	41	15	(1)	(705)
Recurring operating income	**423**	**9**	**8**	**8**	**449**
Operating income (loss)	**203**	**90**	**(172)**	**25**	**145**
Cost of net debt	(201)		2	1	(199)
Other financial income and expenses	(173)	2	6		(165)
Income (loss) before tax	**(171)**	**92**	**(165)**	**26**	**(218)**
Income tax (expense) benefit	(28)	(4)	11	(3)	(24)
Share of net income (loss) of equity-accounted investees	(1)	22			21
Net income (loss) from continuing operations	**(201)**	**111**	**(154)**	**22**	**(221)**
Attributable to owners of the parent	(111)	56	(154)	10	(198)
Attributable to non-controlling interests	(90)	**55**		12	(23)
Net income (loss) from discontinued operations	**13**	**(111)**	**154**		**26**
Attributable to owners of the parent	(1)	(56)	154		96
Attributable to non-controlling interests	14	(55)			(40)
Consolidated net income (loss)	**(188)**			**22**	**(166)**
Attributable to owners of the parent	*(112)*			*10*	*(102)*
Attributable to non-controlling interests	*(76)*			*12*	*(64)*

(1) Via Varejo had been classified as a discontinued operation and was sold in first-half 2019.

Impact on the main consolidated statement of cash flow indicators in first-half 2019

(€ millions)	First-half 2019 (reported)	Discontinued operations: Leader Price	Discontinued operations: Groupe GO Sport	Other	First-half 2019 (restated)
Net cash from (used in) operating activities	**(989)**		**(1)**	**23**	**(966)**
Of which consolidated net income (loss) before tax	*(106)*			26	*(80)*
Of which other components of cash flow	*1,124*		*(1)*	*1*	*1,124*
Of which change in operating working capital and income tax paid	*(1,384)*	*112*	*46*	*(4)*	*(1,230)*
Of which income tax paid and change in operating working capital: discontinued operations	*(623)*	*(112)*	*(46)*		*(781)*
Net cash from (used in) investing activities	**778**			**(22)**	**757**
Of which net cash related to acquisitions and disposals of non-current assets	*(109)*	*5*	*7*	*(22)*	*(119)*
Of which effect of changes in scope of consolidation resulting in acquisition/loss of control	*412*	*(4)*	*(283)*		*125*
Of which cash from (used in) discontinued operations	*464*	*(4)*	*255*		*715*
Net cash from (used in) financing activities	**(1,167)**			**(2)**	**(1,169)**
Of which repayments of lease liabilities	*(391)*	*24*	*24*	*(5)*	*(348)*
Of which interest paid, net	*(458)*	*3*	*7*	*8*	*(440)*
Of which cash from (used in) discontinued operations	*(242)*	*(29)*	*(202)*		*(473)*
Effect of changes in exchange rates on cash and cash equivalents	66				66
Change in cash and cash equivalents	**(1,312)**				**(1,312)**
Net cash and cash equivalents at beginning of period	*4,578*				*4,578*
Net cash and cash equivalents at end of period	*3,266*				*3,266*

Impact on the consolidated statement of financial position indicators at 31 December 2019

Right-of-use assets were offset against lease liabilities on the “Assets held for sale” and “Liabilities associated with assets held for sale” lines in the consolidated statement of financial position at 31 December 2019 in an amount of €283 million.

Note 2 • Significant events of the period

Significant events during the period are the following:

2.1. Rallye

— *Rallye safeguard proceedings and impact of the approval of the safeguard plan on consolidated gross debt*

Rallye and its subsidiaries Cobivia, HMB and Alpétrol, along with Rallye's parent companies Foncière Euris, Finatis, and Euris, requested and obtained the initiation of safeguard proceedings for an initial six-month period, further to the Court decisions of 23 May 2019 and 17 June 2019.

In its decisions dated 28 February 2020, the Paris Commercial Court approved Rallye's safeguard plan and the repayment undertakings, based on the following principles:

- for claims secured by pledges over Casino shares, repayment of at least 85% of the claim under annuity 3 of the plan and the balance under annuity 4;
- for claims not secured by pledges over Casino shares, repayment over a ten-year period starting on the plan approval date, 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%[1];
  - Annuity 10: 65% (less the amounts paid under annuities 1 and 2).

Rallye has analysed the accounting treatment for the modifications resulting from the liability repayment plan and the other modifications made to financial liabilities and, more particularly, the existence of a substantial modification within the meaning of IFRS 9 – Financial Instruments.

Given the specific characteristics of the safeguard proceedings, the application of IFRS 9 led to the restatement of financial liabilities (excluding derivatives transactions) in an amount of €384 million at 30 June 2020, recognised as a reduction of consolidated debt.

This restatement breaks down as follows:

- for liabilities whose terms have not been substantially modified, a gain of €29 million was recorded in financial income with a corresponding reduction in financial liabilities. This reduction corresponds to the difference between the net carrying amount at the safeguard plan approval date and the sum of all cash flows under the safeguard plan, discounted at the original effective interest rate, as provided for in IFRS 9;
- for liabilities whose terms have been substantially modified (quantitatively and/or qualitatively), these modifications were treated as an extinguishment of the original financial liability and the recognition at fair value of a new financial liability, in accordance with IFRS 9. The fair value of the new financial liabilities was determined based on quoted prices for said liabilities on the secondary market or, if necessary, by reference to quoted prices for similar liabilities when no secondary market prices were available at the safeguard plan approval date. Depending on the financial liabilities, the fair values recorded represented 26% to 27% of the par value for a total notional amount of €482 million. The extinguishment of financial liabilities generated a €354 million increase in financial income, and a corresponding decrease in financial liabilities.

Taking into account the renegotiation of derivatives recognised in 2019, the modification and extinguishment of liabilities led to a €386 million increase in financial income and a corresponding decrease in debt. This amount will be amortised on an actuarial basis (based on the applicable effective interest rate) and gradually recovered via an increase in the cost of net debt in accordance with the repayment terms defined in the safeguard plan (note 9.3.1).

The accounting treatment of the operation, with the reduction in financial liabilities and a higher interest expense in subsequent periods reflects the application of IFRS 9 and does not affect the terms of the safeguard plan or the overall liability to be repaid under the repayment plan.

[1] In accordance with Article L. 626-18, paragraph 5 of the French Commercial Code (*Code de commerce*), for each claim whose principal amount is to be fully repaid on the date of the first annuity under the repayment schedule, repayment will begin on the annuity date set by the repayment schedule that immediately follows the contractual maturity date, as stipulated in the agreement initially signed between the parties prior to the initiation of Rallye's safeguard proceedings. At that date, the principal amount and any related expenses will be paid in an amount equivalent to that which would have been received by the creditor concerned if said creditor had been included in the repayment schedule since the decision approving the Safeguard Plan. The principal amount and any related expenses repaid under subsequent annuities will be determined according to the liability repayment schedule.

The following table summarises the impact of applying IFRS 9 on the different categories of liabilities:

(€ millions)	Contractual financial liabilities and interest	IFRS 9 financial liabilities	*Impact of extinguishments*	*Impact of modifications*
Claims secured by pledges over Casino shares	1,177	1,171		6
Claims not secured by pledges over Casino shares	1,840	1,451	354	24
Total – claims under the safeguard plan	**3,017**	**2,621**	**354**	**29**
Derivatives	210	219		-9
Total	**3,226**	**2,840**	**354**	**20**

2.2. Casino Group

— *Impact of the Covid-19 global pandemic on the interim financial statements*

All of Casino Group's sites worldwide were affected by Covid-19 and by the measures taken by governments to curb the spread of the virus.

- In France, containment measures were gradually introduced, with the country placed in lockdown between 17 March and 11 May 2020.
- In Latin America, full or partial lockdowns were also introduced as from 17 March in Brazil (depending on the state), between 25 March and 31 May in Colombia and between 20 March and 24 May in Argentina. Uruguay was not locked down but the country shut its borders as from mid-March.

All industries were affected by this unprecedented phenomenon, including supermarkets. As an essential industry, the Group's banners were able to continue operating during the crisis and ramped up efforts to continue supplying customers in the best possible conditions.

These measures had a significant impact on Casino Group, which focused on its essential role of securing food supplies for the population.

- Priority was placed on implementing the necessary measures to protect employees and customers at all workplaces and in all areas open to the public. This included distributing face masks and hydro-alcoholic gels to store employees, installing plexiglass screens at check-outs, systematic cleaning operations in line with health guidelines, health and safety initiatives focused on respect for physical distancing measures between customers, and promoting automatic payment solutions.
- Like other supermarket operators, Casino Group was faced with unprecedented demand. In France, demand in large cities was particularly high in convenience stores and on E-commerce sites.
- Measures were also taken in concert with suppliers and public authorities to ensure supply chain continuity and secure in-store and warehouse operations.
- Initiatives were also rolled out for the most vulnerable members of the population.

Casino Group reported sales growth in France and Brazil during the lockdown period. Sales in France were driven by volume growth for convenience stores and E-commerce (food and Cdiscount), despite less customer traffic during the period. However, hypermarket sales in France and Monoprix non-food sales were hard hit.

Casino Group recorded temporary additional costs related to maintaining its food retail operations under extremely challenging conditions (strict hygiene measures, measures to secure food supplies, etc.) and in a state of emergency:

- Additional staff costs: increase in temporary staff to replace absentees at the beginning of the crisis; night shifts to stock shelves outside public opening hours in compliance with physical distancing measures. Casino Group also maintained the same level of pay for its staff on sick leave or at home minding children, bearing the cost of the additional non-subsidised portion of salary.
- Additional logistics costs to ensure the continued supply of its stores and franchisees: extra transport costs; night shifts to meet demand; additional costs to cover organisational issues relating to problems with supplier deliveries (in accordance with regulatory decisions, the Group did not apply contractual logistics-related penalties for stock-outs and/or declines in service rates during the state of emergency).
- Emergency mass purchases of face masks, gloves, wipes (PPE) and hydro-alcoholic gels for our employees and customers.
- Purchases of protective equipment for our stores (plexiglass screens).
- Increased cleaning and disinfection of stores.
- Additional security services to control access to premises and ensure physical distancing.

Like other major supermarkets, the Group also chose to pay a special bonus to its employees, namely those in operational roles in France.

These costs were charged to trading profit in accordance with the AMF's recommendations, and can be summarised as follows:

(€ millions)	Total	of which France Retail
Cost of goods sold	(42)	(32)
Selling expenses	(139)	(98)
General and administrative expenses	(5)	(2)
Total	**(186)**	**(132)**

Special employee bonuses amounted to €47 million, including €37 million for the France Retail segment.

Casino Group's cash and cash equivalents comprise new secure credit lines, which offset the decrease in commercial paper during the lockdown period; paper issues fell from €200 million to €20 million, before increasing once again to stand at €106 million at the reporting date (note 9.6).

— *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 3 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.

In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (notes 3.2.1 and 3.2.2), assets held for sale and associated liabilities have been shown on a separate line of the statement of financial position since 31 December 2019. The post-tax net profit and cash flows for first-half 2020 and first-half 2019 are reported on separate lines of the consolidated income statement under "Net profit (loss) from discontinued operations".

— *Disposal plan for non-strategic assets*

In 2018 and 2019, Casino Group sold assets for €2.1 billion. Following the agreement signed with Aldi on 20 March 2020 to sell 567 Leader Price stores and three Leader Price warehouses for €0.7 billion (see above), total asset disposals represented €2.8 billion (out of the announced asset disposal plan worth €4.5 billion), of which €2.0 billion in payments had been received by 30 June 2020.

— *Sale of Vindémia*

On 30 June 2020, Casino Group sold its subsidiary Vindémia (note 3.1.2).

Note 3 • Scope of consolidation

3.1. Transactions affecting the scope of consolidation

3.1.1. 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) maturing on 28 December 2020. 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 is only effective once the shares are actually sold on the market by the bank. Consequently, the shares were not derecognised and a debt was recorded in respect of the shares not yet sold on the market.

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 stood at €102 million.

As of 30 June 2020, 81.1% of the shares underlying the TRS had been sold. A corresponding capital loss of €12 million was recorded in "Other operating expenses" and the liability now stands at €81 million.

The consolidated financial statements include the Group's 28.1% interest in Mercialys at 30 June 2020 (30.6% at 31 December 2019) on an equity-accounted basis, of which 2.9% 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 €26 million at 30 June 2020 (€46 million at 31 December 2019).

3.1.2. Sale of Vindémia

Casino Group sold Vindémia to the GBH group on 30 June 2020 as part of its plan to dispose of non-strategic assets. The sale price for Casino Group totalled €207 million and was based on net debt and working capital as estimated at the date of the sale. The payment collected on the sale amounts to €186 million, generating a disposal loss of €23 million, including a loss of €13 million on reclassifying foreign currency translation adjustments within gains and losses on disposals.

If the transaction had been completed on 1 January 2020, the sale would have had a negative €405 million impact on Casino Group's consolidated net sales, a negative €22 million impact on trading profit and a negative €9 million impact on net profit.

3.2. Assets held for sale and discontinued operations

3.2.1. Assets held for sale and liabilities associated with assets held for sale

(€ millions)	Notes	30 June 2020		31 December 2019 (restated)	
		Assets	Liabilities	Assets	Liabilities
Leader Price sub-group	2.2	1,304	724	1,362	706
Other France Retail[(1)]		1,046	204	1,361	444
Other Latam Retail[(2)]		98		51	
Other[(3)]		282	278	237	240
Total		**2,730**	**1,206**	**3,011**	**1,390**
Net assets		1,524		1,621	
Of which attributable to owners of the parent of the selling subsidiary	9.2.1	*1,517*		*1,608*	

(1) At 30 June 2020, this line corresponds mainly to stores and property assets. At 31 December 2019, this line corresponded primarily to stores and property assets for approximately €507 million (attributable to owners of the parent) relating to Casino Group's asset disposal plans and optimisation of the store base.

(2) At 30 June 2020, this item primarily includes property assets at GPA which were subject to sale-and-leaseback transactions (note 8).

(3) At 30 June 2020 and 31 December 2019, this item primarily includes the operations of Groupe GO Sport and Polish property assets.

3.2.2. Discontinued operations

Net income (loss) from discontinued operations primarily reflects (i) the contribution of the Via Varejo group (including Cnova Brazil) to the Group's earnings up to June 2019, along with the gain on its disposal, and (ii) the contribution of Leader Price, included in the France Retail reportable segment (note 2), and Groupe GO Sport to the Group's earnings. Net income (loss) from discontinued operations can be analysed as follows:

(€ millions)	First-half	
	2020	2019
Net sales	1,002	3,726
Net expenses[1]	(1,099)	(3,790)
Gain on disposal of Courir on 28 February 2019		163
Gain on disposal of Via Varejo on 14 June 2019		39
Net income (loss) before tax from discontinued operations	**(97)**	**138**
Income tax expense	(14)	(63)
Share of net income (loss) of equity-accounted investees	(39)	(19)
Net income (loss) from discontinued operations[2]	**(150)**	**56**
Attributable to owners of the parent	*(78)*	96
Attributable to non-controlling interests	*(72)*	*(40)*

(1) Including a gross amount of BRL 158 million (€29 million) in first-half 2020, corresponding to GPA's right to receive a portion of the profit resulting from the exclusion of ICMS tax from the PIS/COFINS tax base of its former subsidiary Globex, following the court ruling handed down in respect of Via Varejo for the 2007-2010 period. Pending substantiating legal documentation from Via Varejo regarding tax credits for fiscal years 2003 to 2007, GPA's right to receive tax credits is considered a contingent asset estimated at around BRL 350 million, or €57 million (note 11.3).

(2) Including a loss of €167 million for Leader Price in first-half 2020, reflecting the impact on master franchisees of completed and ongoing changes in the scope of consolidation (first-half 2019: loss of €111 million).

At 31 December 2019, the fair value of Leader Price had been 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. The revision of the estimate at 30 June 2020 did not result in a material change in the fair value.

3.3. Investments in equity-accounted investees

3.3.1. Share of contingent liabilities of equity-accounted investees

At 30 June 2020 and 31 December 2019, none of the Group's associates or joint ventures had any material contingent liabilities.

3.3.2. Related-party transactions (equity-accounted investees)

The related-party transactions shown below mainly concern transactions carried out in the normal course of business with companies over which the Group exercises significant influence (associates) or joint control (joint ventures) that are accounted for in the consolidated financial statements using the equity method. These transactions are carried out on arm's length terms.

(€ millions)	2020		2019	
	Associates	Joint ventures	Associates	Joint ventures
Closing balance at 30 June 2020 and 31 December 2019				
Loans	15	7	31	11
of which impairment	*(1)*		*(1)*	
Receivables	58	41	57	44
of which impairment		*(1)*		
Payables	176[1]	151	201[1]	283
Transactions for the period				
Expenses	3[2]	373[3]	6[2]	828[3]
Income	109[4]	29	266[4]	19

(1) Including lease liabilities in favour of Mercialys for property assets amounting to €151 million at 30 June 2020, of which €41 million due within one year (31 December 2019: €169 million, of which €41 million due within one year).

(2) 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 €25 million in first-half 2020 (first-half 2019: 66 leases for €27 million).

(3) Including €355 million in fuel purchases from Distridyn in first-half 2020 (first-half 2019: €574 million) and €229 million in goods purchases from CD Supply Innovation (the partnership with CDSI was unwound during first-half 2019).

(4) Income of €109 million in first-half 2020 (first-half 2019: €266 million) also includes sales of goods by Franprix and Distribution Casino France to master-franchisees accounted for by the equity method, for €62 million (first-half 2019: €155 million). It also includes income related to property development transactions with Mercialys reported under "Other income" for €18 million in first-half 2020 (first-half 2019: €53 million).

Note 4 • Additional cash flow disclosures

4.1. Reconciliation of provision expense

(€ millions)	*Notes*	First-half 2020	First-half 2019 (restated)
Goodwill impairment	8	(15)	
Impairment of intangible assets		(7)	(2)
Impairment of property, plant and equipment		(17)	(27)
Impairment of right-of-use assets		(8)	(2)
Impairment of other assets		(49)	(87)
Net (additions to) reversals of provisions for risks and charges	11.1	7	(3)
Total provision expense		**(89)**	**(123)**
Provision expense adjustment reported under "Net income (loss) from discontinued operations"			3
Provision expense adjustment in the statement of cash flows		**(89)**	**(120)**

4.2. Reconciliation of changes in working capital to the statement of financial position

(€ millions)	1 January 2020	Cash flows from operating activities	Cash flows Other	Changes in scope	Changes in exchange rates	IFRS 5 reclassifications	Reclass. and other	30 June 2020
Goods inventories	(3,486)	(63)		(6)	419	22	(7)	**(3,121)**
Property development work in progress	(296)	(4)		15	27		1	**(258)**
Trade payables	6,602	(868)		(2)	(606)	(14)	(7)	**5,106**
Trade and other receivables	(836)	(31)		(2)	33	3	26	**(807)**
Other (receivables) payables	160	200	(258)[1]	(46)	125	(8)	38	**211**
Total	**2,144**	**(765)**	**(258)**	**(41)**	**(2)**	**3**	**51**	**1,131**

(1) Including €248 million paid on unwinding the total return swap (TRS) on GPA shares (note 4.10).

(€ millions)	1 January 2019	Cash flows from operating activities	Cash flows discont'd operations	Cash flows Other	Changes in scope	Changes in exchange rates	IFRS 5 reclassifications	Reclass. and other	30 June 2019 (restated)
Goods inventories	(3,787)	72	(34)		(8)	(29)	128	11	**(3,647)**
Property development work in progress	(184)	(85)	1		(2)	(2)		(3)	**(275)**
Trade payables	6,789	(862)	(57)	2	14	51	(100)	(23)	**5,814**
Trade receivables	(923)	(7)	(49)		55	1	19	2	**(902)**
Other (receivables) payables	366	(230)	28	(137)	72	(21)	32	51	**158**
Total	**2,261**	**(1,112)**	**(111)**	**(135)**	**131**		**79**	**35**	**1,148**

4.3. Reconciliation of acquisitions of non-current assets

(€ millions)	First-half 2020	First-half 2019 (restated)
Additions to and acquisitions of intangible assets	(102)	(118)
Additions to and acquisitions of property, plant and equipment	(357)	(375)
Additions to and acquisitions of investment property	(2)	(9)
Additions to and acquisitions of lease premiums included in right-of-use assets	(1)	(6)
Change in amounts due to suppliers of non-current assets	14	(31)
Neutralisation of capitalised borrowing costs (IAS 23)(1)	1	2
Effect of discontinued operations		10
Acquisitions of intangible assets, property, plant and equipment and investment property	**(447)**	**(527)**

(1) Non-cash movements.

4.4. Reconciliation of disposals of non-current assets

(€ millions)	First-half 2020	First-half 2019 (restated)
Derecognition of intangible assets	1	4
Derecognition of property, plant and equipment	18	91
Disposals of lease premiums included in right-of-use assets	2	1
Gains on disposals of non-current assets(1)	65	71
Change in receivables related to non-current assets	3	(69)
Reclassification of non-current assets as "Assets held for sale"	80	316
Effect of discontinued operations		(6)
Acquisitions of intangible assets, property, plant and equipment and investment property	**169**	**408**

(1) Prior to the restatement of sale-and-leaseback transactions in accordance with IFRS 16.

4.5. Effect on cash and cash equivalents of changes in scope of consolidation resulting in acquisition/loss of control

(€ millions)	First-half 2020	First-half 2019 (restated)
Amount paid for acquisitions of control	(3)	(8)
Cash acquired/(bank overdrafts assumed) in acquisitions of control	(1)	2
Proceeds from losses of control	212	134
(Cash sold)/bank overdrafts transferred in losses of control	(43)	(3)
Effect of changes in scope of consolidation resulting in acquisition/loss of control	**165**	**125**

In first-half 2020, the net impact of these transactions on the Group's cash and cash equivalents was mainly due to the sale of Vindémia (notes 2 and 3.1.2).

In 2019, the net impact of these transactions on the 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 €105 million;
- the sale of the contract catering services business and of restaurants.

4.6. Effect on cash and cash equivalents of changes in scope of consolidation related to equity-accounted investees

(€ millions)	First-half	
	2020	2019 (restated)
Amount paid for the acquisition of shares in equity-accounted investees	(8)	(14)
Amount received from the sale of shares in equity-accounted investees	(2)	(2)
Effect on cash and cash equivalents of changes in scope of consolidation related to equity-accounted investees	**(10)**	**(16)**

4.7. Effect on cash and cash equivalents of transactions with non-controlling interests

(€ millions)	First-half	
	2020	2019 (restated)
GPA – costs related to the acquisition of a 41.27% stake in Éxito	(22)	
Vindémia – purchase of the non-controlling interests in the Mayotte subsidiary		(18)
GreenYellow – costs related to the disposal without loss of control in 2018		(10)
Other	1	(4)
Effect on cash and cash equivalents of transactions with non-controlling interests	**(21)**	**(32)**

4.8. Reconciliation between change in cash and cash equivalents and change in net debt

(€ millions)	*Notes*	First-half	
		2020	2019 (restated)
Change in cash and cash equivalents		**(1,385)**	**(1,312)**
New borrowings[(1)]	9.2.2	(1,070)	(1,055)
Repayments of borrowings[(1)]	9.2.2	868	656
Non-cash changes in debt[(1)]		442	116
Change in net assets held for sale attributable to owners of the parent		*63*	*(112)*
Change in other financial assets		*(37)*	*77*
Effect of changes in scope of consolidation		*20*	*72*
Change in fair value hedges		*5*	*(24)*
Change in accrued interest		*5*	*89*
Impact of the approval of the safeguard plan for the Rallye scope	*2.1*	*385*	
Other		*1*	*14*
Effect of movements in exchange rates[(1)]		813	(61)
Change in debt of discontinued operations		(149)	378
Change in net debt		**(479)**	**(1,276)**
Net debt at beginning of period	9.2.1	7,054	6,351
Net debt at end of period	9.2.1	7,533	7,627

(1) These impacts relate exclusively to continuing operations.

4.9. Reconciliation of net interest paid

(€ millions)	*Notes*	First-half 2020	First-half 2019 (restated)
Cost of net debt reported in the income statement	9.3.1	**133**	**(199)**
Neutralisation of unrealised exchange gains/losses		1	7
Neutralisation of amortisation of debt issuance/redemption costs and premiums		23	14
Impact of the approval of the safeguard plan for the Rallye scope	2.1	(385)	
Capitalised borrowing costs		(1)	(2)
Change in accrued interest and fair value hedges of borrowings		(40)	(94)
Interest paid on lease liabilities	9.3.2	(138)	(130)
Non-recourse factoring and associated transaction costs	9.3.2	(32)	(36)
Interest paid, net as presented in the statement of cash flows		**(439)**	**(440)**

4.10. Cash inflows and outflows related to acquisitions of financial assets

First-half 2020:

- Cash outflows related to acquisitions of financial assets amounted to €472 million, mainly breaking down as (i) a payment of €248 million relating to unwinding the total return swap (TRS) on GPA shares (note 9.3.2) and (ii) the allocation of €186 million collected on the disposal of Vindémia to an escrow account (note 3.1.2).
- Cash inflows related to acquisitions of financial assets amounted to €254 million and mainly reflect the use by Casino Group of €193 million from the escrow account to redeem the residual bond debt maturing in 2020 (note 9.2.2).

Note 5 • Segment information

In accordance with IFRS 8 – Operating Segments, the information presented below is based on the internal reporting used by management (as the chief operating decision maker) to evaluate performance and allocate resources. It includes in particular the allocation of Casino Group holding company costs to all of the Group's Business Units.

5.1. Key indicators by operating segment

(€ millions)	*Notes*	Food and general retailing				Holdings and other activities	First-half 2020
		France Retail		Latam Retail	E-commerce		
External net sales	5.2/6.2	7,791		7,401	948	1	**16,141**
EBITDA[(1)]		564	[(2)]	459	43	(11)	**1,055**
Net depreciation and amortisation expense	6.3/6.4	(416)		(226)	(37)	(1)	**(680)**
Recurring operating income (loss)		148	[(2)]	232	6	(11)	**375**

(1) EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as recurring operating income (EBIT) plus net depreciation and amortisation expense.

(2) Of which €4 million in respect of property deals carried out in France, corresponding in 2020 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 3.3.3).

(€ millions)	*Notes*	Food and general retailing				Holdings and other activities	First-half 2019 (restated)
		France Retail		Latam Retail	E-commerce		
External net sales	5.2/6.2	8,045		7,908	889	3	**16,845**
EBITDA[(1)]		601	[(2)]	508	13	(6)	**1,116**
Net depreciation and amortisation expense	6.3/6.4	(394)		(243)	(31)	1	**(667)**
Recurring operating income (loss)		207	[(2)]	265	(17)	(6)	**449**

(1) EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as recurring operating income (EBIT) plus net depreciation and amortisation expense.

(2) Of which €30 million in respect of property deals carried out in France, corresponding in first-half 2019 primarily 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 3.3.2).

5.2. Key indicators by geographical area

(€ millions)	Food and general retailing			Holdings and other activities		**Total**
	France	Latin America	Other regions	France	Other regions	
2020						
External net sales for first-half 2020	8,738	7,393	10	1		**16,141**
Non-current assets at 30 June 2020[(1)]	11,186	7,859	55	5		**19,105**
2019 (restated)						
External net sales for first-half 2019	8,932	7,902	8	3		**16,845**
Non-current assets at 31 December 2019[(1)]	11,621	9,897	59	5		**21,582**

(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 6 • Operating data

6.1. Seasonality of operations

Across all businesses, seasonal fluctuations on the income statement are minor in terms of net sales (first-half 2019 represented 49% of full-year 2019, or 48% based on the average 2019 exchange rate), but are more significant in terms of recurring operating income (35% based on the average exchange rate for first-half 2019 and the average exchange rate for full-year 2019).

These seasonal fluctuations have an even greater impact on the cash flows generated by the Group. The change in working capital observed in the first half of the year is structurally negative as a result of the large payments made to suppliers at the beginning of the financial year in return for purchases made to meet strong demand in December of the previous year.

6.2. Breakdown of total income

The following tables present a breakdown of income:

(€ millions)	Food and general retailing			Holdings and other activities	First-half 2020
	France Retail	Latam Retail	E-commerce		
Net sales	7,791	7,401	948	1	**16,141**
Other income	172	73		0	**245**
Total income	**7,963**	**7,474**	**948**	**2**	**16,387**

(€ millions)	Food and general retailing			Holdings and other activities	First-half 2019 (restated)
	France Retail	Latam Retail	E-commerce		
Net sales	8,045	7,908	889	3	**16,845**
Other income	244	83		1	**328**
Total income	**8,289**	**7,991**	**889**	**4**	**17,173**

6.3. Expenses by nature and function

(€ millions)	*Notes*	Logistics costs[1]	Selling expenses	General and administrative expenses	First-half 2020 total
Employee benefits expense		(261)	(1,339)	(378)	**(1,978)**
Other expenses		(390)	(1,092)	(192)	**(1,674)**
Depreciation/amortisation for the period	5.1/6.4	(74)	(508)	(98)	**(680)**
Total		**(725)**	**(2,939)**	**(668)**	**(4,332)**

(1) Logistics costs are reported in the consolidated income statement under "Cost of goods sold".

(€ millions)	*Notes*	Logistics costs[1]	Selling expenses	General and administrative expenses	First-half 2019 total (restated)
Employee benefits expense		(261)	(1,440)	(408)	**(2,109)**
Other expenses		(381)	(1,160)	(204)	**(1,745)**
Depreciation/amortisation for the period	5.1/6.4	(69)	(505)	(93)	**(667)**
Total		**(711)**	**(3,105)**	**(705)**	**(4,521)**

(1) Logistics costs are reported in the consolidated income statement under "Cost of goods sold".

6.4. Depreciation and amortisation

(€ millions)	*Notes*	First-half 2020	First-half 2019 (restated)
Amortisation of intangible assets		(92)	(88)
Depreciation of property, plant and equipment		(228)	(239)
Depreciation of investment property		(6)	(6)
Depreciation of right-of-use assets		(354)	(370)
Total depreciation and amortisation expense		**(680)**	**(703)**
Depreciation and amortisation reported under "Net income from discontinued operations"			36
Depreciation and amortisation expense of continuing operations	**5.1/6.3**	**(680)**	**(667)**

6.5. Other operating income and expenses

(€ millions)	First-half 2020	First-half 2019 (restated)
Total other operating income	231	45
Total other operating expenses	(479)	(347)
Total other operating income (expense), net	**(248)**	**(303)**
Breakdown by type		
Gains and losses on disposal of non-current assets(1)(6)	45	(6)
Net asset impairment losses(2)(6)	(72)	(99)
Net income (expense) related to changes in scope of consolidation(3)(6)	(74)	(76)
Gains and losses on disposal of non-current assets, net impairment losses on assets and net income (expense) related to changes in scope of consolidation	**(101)**	**(181)**
Restructuring provisions and expenses(3)(4)(6)	(111)	(66)
Income and expenses for litigation and risks(5)	(30)	(43)
Other	(6)	(12)
Other operating income and expenses	**(147)**	**(121)**
Total other operating income (expense), net	**(248)**	**(303)**

(1) The net gain on disposal of non-current assets in the first half of 2020 primarily concerns sale-and leaseback operations and asset disposals at GPA (note 8). The net loss on disposal of non-current assets in the first half of 2019 primarily concerns the France Retail segment.

(2) The impairment loss recognised in first-half 2020 mainly concerns the France Retail segment. The impairment loss recognised in first-half 2019 mainly concerns the France Retail segment and relates to the asset disposal plan.

(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 €43 million in first-half 2020 (of which €2 million corresponding to changes in scope, €39 million to restructuring, and €1 million to litigation and risks). Other changes in scope of consolidation relate mainly to the France Retail and Latam Retail segments, representing €58 million and €14 million, respectively. In first-half 2019, 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 €40 million (of which €21 million corresponding to changes in scope and €19 million to restructuring).

(4) Excluding the impact of the store optimisation plan, restructuring provisions and expenses for first-half 2020 mainly concern the France Retail and Latam Retail segments for €30 million and €38 million, respectively. In first-half 2019, excluding the impact of the store optimisation plan set out in the previous footnote, they mainly concerned the France Retail and Latam Retail segments for €25 million and €20 million, respectively.

(5) Provisions and expenses for litigation and risks represented a net expense of €30 million in first-half 2020, including €11 million for tax and employee-related risks at GPA. Provisions and expenses for litigation and risks represented a net expense of €43 million in first-half 2019, including €24 million for tax risks at GPA.

(6) Reconciliation of the breakdown of asset impairment losses with the tables of asset movements:

(€ millions)	First-half 2020	First-half 2019 (restated)
Goodwill impairment losses	(15)	
Impairment (losses) reversals on intangible assets, net	(7)	(2)
Impairment (losses) reversals on property, plant and equipment, net	(18)	(27)
Impairment (losses) reversals on investment property, net		
Impairment (losses) reversals on right-of-use assets, net	(8)	(2)
Impairment (losses) reversals on other assets, net (IFRS 5 and other)	(49)	(88)
Total net impairment losses	**(96)**	**(119)**
Net impairment losses of discontinued operations		5
Net impairment losses of continuing operations	**(96)**	**(114)**
Of which presented under "Restructuring provisions and expenses"	*(23)*	*(14)*
Of which presented under "Net asset impairment losses"	*(72)*	*(99)*
Of which presented under "Net income (expense) related to changes in scope of consolidation"		*(1)*
Of which presented under "Gains and losses on disposal of non-current assets"	*(1)*	

Note 7 • Income tax

The Group posted an income tax benefit of €12 million in first-half 2020, compared to an income tax expense of €24 million in first-half 2019 (restated) from Casino Group.

Note 8 • Goodwill, intangible assets, property, plant and equipment, investment property and right-of-use assets

Acquisitions of intangible assets, property, plant and equipment and investment property totalled €462 million in first-half 2020, compared with €502 million in the prior-year period. In addition, right-of-use assets recognised in first-half 2020 in respect of new leases amounted to €142 million versus €495 million for the same period in 2019. The decrease in this item mainly reflects the sale-and-leaseback transaction carried out on 8 March 2019 with the funds managed by Fortress. Currency fluctuations had a €1,482 million negative impact on property, plant and equipment, intangible assets, investment property and right-of-use assets.

The Group carried out a review of goodwill and other non-current assets at 30 June 2020 to determine whether there was any evidence of impairment, as defined in the notes to the 2019 consolidated financial statements. Impairment charges on intangible assets, property, plant and equipment, investment property and right-of-use assets were recognised in a total amount of €32 million for the period (note 6.5), mainly in relation to the France Retail segment. Note that the Extra banner in Brazil which owns the brand with a net carrying amount of €293 million at 30 June 2020 was tested for impairment. No impairment was recognised as a result of this test. This would also have been the case in the event of the following changes in the key assumptions used: a 100-basis point increase in discount rates, a 25-basis point decrease in the perpetual growth rate used to calculate terminal value, and a 50-basis point decrease in the EBITDA margin for the cash flow projection used to calculate terminal value.

Concerning goodwill, the main tests carried out on CGUs for which there was evidence of impairment concerned the Catering segment in France and Argentina. The tests resulted in the recognition of an impairment loss of €15 million for the Catering business at 30 June 2020 (note 6.5), leading to the write-down of the full amount of goodwill relating to this business. Based on the sensitivity tests (see above) carried out for Argentina, no impairment losses would have been recognised.

In the unprecedented context of the Covid-19 health emergency and economic crisis, Casino Group also re-estimated the value in use of its other goodwill CGUs based on revised:

- discount rates;
- perpetual growth rate;
- forecasts for the next three reporting periods; and
- percent EBITDA margin used to calculate terminal value. As there were no material changes in the long-term performance of these CGUs, the current health and economic crisis is not expected to have a significant long-term impact on the Group's strategic decisions.

The results of these revisions and of the sensitivity tests typically carried out as described above were satisfactory.

Sale-and-leaseback transactions and disposal of non-current assets at GPA

On 5 March 2020, GPA entered into a sale-and-leaseback transaction with an investment fund concerning 43 property assets owned by GPA for a total price of BRL 1,246 million. Of this amount, BRL 528 million (€97 million) had been collected at 30 June 2020. At the reporting date, leases had been signed for a term of 15 years. These leases can be renewed once. Au 30 June 2020, 12 store properties had been sold and two assets with a non-material value had been ultimately excluded from the transaction.

On 22 July 2020, 16 other property assets were sold, representing a total of BRL 950 million in assets transferred. At that date, 13 assets remained to be sold for BRL 261 million, for which a downpayment of BRL 15 million will be paid on 30 July 2020. These assets are expected to be transferred on 30 August 2020.

In all, the sale-and-leaseback transaction will concern 41 properties and a total sale price of BRL 1,210 million.

In first-half 2020, GPA sold four other store properties in a transaction covering six properties in all, for a total amount of BRL 92 million. Leases were signed for a term of 10 years and can be renewed once.

The impacts of these sale-and-leaseback transactions on the Group's interim consolidated financial statements at 30 June 2020 resulted in:

- recognition of a right-of-use asset for BRL 231 million (€43 million) and a lease liability for BRL 337 million (€62 million);
- decrease of BRL 386 million (€71 million) in property, plant and equipment;
- recognition of a disposal gain of BRL 64 million (€12 million) within other operating income;
- reclassification of property assets not yet transferred to the buyer within "Assets held for sale" in accordance with IFRS 5 for an amount of BRL 477 million (€78 million).

During first-half 2020, GPA also completed the sale of land for BRL 200 million. This sale generated a disposal gain of BRL 134 million (€25 million) which was recorded within other operating income.

Note 9 • Financial structure and finance costs

9.1. Net cash and cash equivalents

Net cash and cash equivalents break down as follows:

(€ millions)	30 June 2020	31 December 2019
Cash equivalents	935	1,074
Cash	1,327	2,571
Gross cash and cash equivalents	**2,261**	**3,645**
Bank overdrafts	(121)	(101)
Net cash and cash equivalents	**2,140**	**3,544**

At 30 June 2020, cash and cash equivalents were not subject to any material restrictions.

9.2. Financial liabilities

9.2.1. Breakdown of net debt

		30 June 2020			31 December 2019		
(€ millions)	*Notes*	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds[1]		6,631	773	**7,404**	6,661	1,918	**8,579**
Other borrowings and financial liabilities		3,536	978	**4,514**	1,647	2,599	**4,246**
Fair value hedges – liabilities[2]			1	**1**	10	8	**17**
Gross financial liabilities		**10,167**	**1,752**	**11,919**	**8,318**	**4,524**	**12,842**
Fair value hedges – assets[3]		(91)	(74)	**(165)**	(62)	(17)	**(78)**
Investment securities[4]		(103)	(338)	**(441)**	(54)	(402)	**(457)**
Financial liabilities	**9.2.2**	**9,974**	**1,339**	**11,313**	**8,202**	**4,105**	**12,307**
Net assets held for sale attributable to owners of the parent of the selling subsidiary	3.2.1		(1,517)	**(1,517)**		(1,608)	**(1,608)**
Cash and cash equivalents	9.1		(2,261)	**(2,261)**		(3,646)	**(3,646)**
Cash and cash equivalents and net assets held for sale			**(3,779)**	**(3,779)**		**(5,254)**	**(5,254)**
Net debt		**9,974**	**(2,439)**	**7,535**	**8,202**	**(1,148)**	**7,054**
Rallye				2,702			3,000
Casino, of which:				4,834			4,053
France Retail				*2,821*			*2,282*
Latam Retail[5]				*1,636*			*1,550*
E-commerce				*376*			*221*

(1) *Including bond issues totalling €5,553 million in France and €1,851 million in Brazil at 30 June 2020 (31 December 2019: of which bond issues totalling €6,011 million in France and €2,568 million in Brazil).*

(2) *Including €11 million in France and €7 million in Brazil at 31 December 2019.*

(3) *Including €96 million in France and €69 million in Brazil at 30 June 2020 (at 31 December 2019: €66 million in France and €13 million in Brazil).*

(4) *At 30 June 2020, including mainly €318 million placed in escrow accounts and posted as guarantees (of which €186 million in respect of the RCF refinancing – note 9.6) and €61 million of financial assets following the disposal of non-current assets (31 December 2019: €371 million placed in escrow and posted as collateral [of which €193 million in respect of the RCF refinancing] and €60 million in financial assets further to a major disposal of non-current assets). The current portion of fair value hedges (assets) and investment securities are recognised under "Other financial assets".*

(5) *Including Segisor amounting to €195 million at 30 June 2020 and 31 December 2019.*

At Casino Group this indicator, known as "Loans and borrowings", is defined as gross borrowings and debt adjusted for fair value hedges (assets) and other financial assets. It is used to calculate the covenants included in the new revolving credit facility (RCF) (see note 9.6). For Casino Group, this indicator came out at €8,554 million at 30 June 2020 and €9,229 million at 31 December 2019.

Reconciliation of net debt of the holding company scope with the safeguard plan

(€ millions)	30 June 2020	31 December 2019
Claims secured by pledges over Casino shares	1,177	1,165
Unsecured claims	1,627	1,600
Claims secured by pledges over shares of Rallye subsidiaries other than Casino	213	207
Total – claims under the safeguard plans	**3,017**	**2,972**
Derivatives	210	223
Total – gross debt	**3,226**	**3,195**
Cash and cash equivalents and other financial assets	(139)	(193)
Total – net debt before IFRS restatements	**3,088**	**3,002**
IFRS restatements (including the impact of the approval of the safeguard plan)	(386)	(2)
Total – net debt	**2,702**	**3,000**

9.2.2. Change in financial liabilities

(€ millions)	*Notes*	2020	2019
Gross financial liabilities at beginning of period		12,842	12,269
Fair value hedges – assets		(78)	(116)
Investment securities		(457)	(195)
Financial liabilities at beginning of period (restated)		**12,307**	**11,958**
New borrowings[(1)(3)(6)]		1,070	5,186
Repayments of borrowings[(2)(3)(6)]		(868)	(4,280)
Change in fair value of hedged debt		(5)	92
Change in accrued interest		(5)	52
Foreign currency translation adjustments[(4)]		(915)	(63)
Changes in scope of consolidation[(5)]		(20)	(135)
Reclassification of financial liabilities associated with assets held for sale		69	(217)
Impact of the approval of the safeguard plan for the Rallye scope[(7)]	2.1	(385)	
Change in other financial assets		50	(247)
Other and reclassifications		14	(38)
Financial liabilities at end of period		**11,313**	**12,307**
Gross financial liabilities at end of period	9.2.1	11,919	12,842
Fair value hedges – assets	9.2.1	(165)	(78)
Investment securities	9.2.1	(441)	(457)

(1) New borrowings in first-half 2020 primarily include the following: (i) a BRL 2,000 million (€369 million) bond issue and new bank loans for BRL 1,424 million (€263 million) at GPA, and (ii) drawdowns on lines of credit by Éxito for COP 1,525 billion (€375 million).
New borrowings in 2019 mainly included 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; (ii) issues by the GPA sub-group of BRL 8,000 million (€1,812 million) in bonds, primarily following efforts to simplify Casino Group's structure in Latin America at end-2019, BRL 1,600 million (€362 million) in promissory notes, and BRL 2,168 million (€491 million) in loans taken out with banks; and (iii) financing set up at the level of the Rallye holding company scope totalling €600 million.

(2) Repayments of borrowings in first-half 2020 mainly concern the redemption of bonds for €257 million at Casino, Guichard-Perrachon (€193 million of which was financed out of the escrow account) and for BRL 2,294 million (€424 million) at GPA, and the repayment of €32 million in financing at Rallye.
Repayments of borrowings in 2019 mainly concerned Casino, Guichard-Perrachon, Quatrim and Casino Finance for €1,560 million (of which (i) the €784 million bond tender in November 2019, and (ii) redemption of a €675 million bond in August 2019), Éxito for €1,160 million and Segisor for €204 million (including €198 million following efforts to simplify Casino Group's structure in Latin America at end-2019), GPA for €717 million and Rallye for €300 million.

(3) In first-half 2020, cash flow from financing activities can be summarised as a net disbursement of €99 million, consisting of repayments of borrowings for €868 million and net interest paid (excluding on lease liabilities) for €301 million (note 4.9), offset by new borrowings in an amount of €1,070 million.
In 2019, cash flow from financing activities could 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 4.9), offset by new borrowings in an amount of €5,187 million.

(4) In first-half 2020, foreign currency translation adjustments primarily concerned GPA.

(5) Including €21 million in first-half 2020 related to total return swaps (TRS) on Mercialys shares (note 3.1.1).
In 2019, including €97 million and €50 million related to total return swaps (TRS) on Mercialys (note 3.1.1) and Via Varejo shares respectively. The 2019 TRS on Via Varejo was unwound in June 2019.

(6) Changes in NEU CP are presented net in this table.

(7) This change corresponds to a reduction in Rallye's debt in accordance with the application of IFRS 9 to the various loan and bond agreements included in the safeguard plan (notes 2.1 and 3.3.1). The application of IFRS 9 solely affects the accounting treatment for these items, and has no impact on cash flow or the total financial liabilities owed by Rallye under the safeguard plan.

9.3. Cost of net debt and other financial income and expenses, net

9.3.1. Cost of net debt

(€ millions)	Notes	First-half 2020	First-half 2019 (restated)
Gains (losses) on disposals of cash equivalents			
Income from cash and cash equivalents		9	11
Income from cash and cash equivalents		**9**	**11**
Interest expense on borrowings after hedging[1]		(262)	(209)
Impact of the approval of the safeguard plan for the Rallye scope	2.1	385	
Cost of gross debt		**123**	**(209)**
Cost of net debt		**133**	**(198)**
of which Holding scope		*320*	*(42)*
of which France Retail		*(125)*	*(71)*
of which Latam Retail		*(58)*	*(80)*
of which E-commerce		*(5)*	*(5)*

(1) In first-half 2020, interest expense on borrowings after hedging reflects the cost of debt after the refinancing transactions carried out at the end of 2019 (see notes to the financial statements at 31 December 2019), while in first-half 2019, this item reflected the cost of debt before refinancing transactions.

9.3.2. Other financial income and expenses

(€ millions)	First-half 2020	First-half 2019 (restated)
Other financial income	**88**	**107**
Other financial expenses	**(351)**	**(272)**
Net foreign currency exchange gains (losses) (other than on borrowings)[1]	(14)	(5)
Gains (losses) on remeasurement at fair value of non-hedging derivative instruments[2]	(69)	43
Gains (losses) on remeasurement at fair value of financial assets	(3)	(6)
Interest expense on lease liabilities	(138)	(131)
Non-recourse factoring and associated transaction costs	(32)	(36)
Impact of applying IAS 29 to operations in Argentina	(2)	(4)
Other	(5)	(26)
Other financial income and expenses	**(263)**	**(165)**

(1) Including €33 million in foreign currency exchange gains and €47 million in foreign currency exchange losses in first-half 2020 (first-half 2019: €19 million in forex gains and €24 million in forex losses, respectively).

(2) At 30 June 2020, the €69 million net expense primarily reflects the €70 million adverse impact of the fair value adjustment of the GPA total return swap. This swap was unwound during the period, generating a cash outflow of €248 million (note 4.10). The net gain on remeasurement at fair value of non-hedging derivative instruments reported in first-half 2019 in an amount of €43 million mainly reflected (i) fair value adjustments to the GPA TRS (positive adjustment of €36 million) and GPA forward (positive adjustment of €20 million) as well as dividend income (€1 million) and the cost of carry (€7 million) associated with these instruments, and (ii) negative impacts related to other derivative instruments (€7 million).

9.4. Fair value of financial instruments

The tables below compare the carrying amount and fair value of consolidated financial assets and liabilities, other than those for which the carrying amount corresponds to a reasonable approximation of fair value such as trade receivables, trade payables, contract assets and liabilities, and cash and cash equivalents. A definition of the different levels of the fair value hierarchy is provided in note 11.4.2 to the 2019 financial statements.

At 30 June 2020 *(€ millions)*	**Carrying amount**	**Fair value**	Fair value level		
			level 1	level 2	level 3
Assets					
Financial assets at fair value through profit or loss[1]	75	**75**	36		39
Financial assets at fair value through other comprehensive income[1]	81	**81**	18	45	18
Fair value hedges – assets[2]	165	**165**		165	
Cash flow hedges and net investment hedges – assets[2]	3	**3**		3	
Other derivative instruments – assets	8	**8**	1	7	
Liabilities					
Bonds[3]	7,404	**6,315**	4,550	1,765	
Other borrowings and financial liabilities[4]	4,514	**4,405**	21	4,384	
Lease liabilities	4,307	**4,307**		4,307	
Fair value hedges – liabilities[2]	1	**1**		1	
Cash flow hedges and net investment hedges – liabilities[2]	57	**57**		57	
Other derivative instruments – liabilities[2]	11	**11**		11	
Put options granted to owners of non-controlling interests[5]	181	**181**			181

(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 other borrowings has been measured using other valuation techniques such as the discounted cash flow method, taking into account the Group's credit risk and interest rate conditions 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.

At 31 December 2019 *(€ millions)*	Carrying amount	Fair value	Fair value level		
			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 financial 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	4,678	**4,678**		4,678	
Fair value hedges – liabilities(2)	17	**17**		17	
Cash flow hedges and net investment hedges – liabilities(2)	41	**41**		41	
Other derivative instruments – liabilities(2)	194	**194**		194	
Put options granted to owners of non-controlling interests(5)	166	**166**			166

(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 other borrowings has been measured using other valuation techniques such as the discounted cash flow method, taking into account the Group's credit risk and interest rate conditions 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.*

9.5. Casino Group customer credit risk

The table below shows the credit risk exposure and the estimated risk of a loss in value of trade receivables:

(€ millions)	Not yet due	Past-due trade receivables at the reporting date				Total
		Up to one month past due	Between one and six months past due	More than six months past due	Total past-due trade receivables	
At 30 June 2020						
Trade receivables	594	48	118	159	325	**919**
Allowance for lifetime expected losses	(7)	(3)	(23)	(79)	(105)	**(112)**
Total, net	**587**	**45**	**95**	**79**	**220**	**807**
At 31 December 2019						
Trade receivables	579	79	120	162	361	**940**
Allowance for lifetime expected losses	(3)	(11)	(15)	(75)	(101)	**(104)**
Total, net	**576**	**68**	**105**	**86**	**260**	**836**

9.6. Casino Group liquidity risk

As described in the notes to the 2019 consolidated financial statements, Casino Group's liquidity policy is to ensure that it has sufficient liquid assets to settle its liabilities as they fall due, in either normal or impaired market conditions.

At 30 June 2020, the Group's liquidity position comprised:

- confirmed, undrawn lines of credit for a total of €2,420 million (of which a non-current portion of €2,133 million for France);
- cash and cash equivalents totalling €2,207 million (of which €922 million available in France);
- €186 million held in escrow in France in connection with the RCF refinancing.

Casino, Guichard-Perrachon had the following financing facilities at 30 June 2020 (France Retail):

- unsecured bonds for €3,622 million;
- secured high-yield bonds for €800 million;
- Term Loan B for €1,000 million.

Casino, Guichard-Perrachon also raises funds through negotiable European commercial paper issues (NEU CP), under which €106 million was outstanding at 30 June 2020 (France Retail); these issues are made under a programme capped at €2,000 million, with the availability of funds depending on market conditions and investor appetite. These issues are not subject to any covenants.

Management of short-term debt

As well as its aforementioned NEU CP financing, the Group carries out non-recourse discounting without continuing involvement, within the meaning of IFRS 7, as well as reverse factoring.

At 30 June 2020, trade payables totalling €862 million had been reverse factored, including €427 million in France Retail payables, €408 million in Latam Retail payables and €27 million in E-commerce payables. At 31 December 2019, trade payables totalling €1,594 million had been reverse factored, including €445 million in France Retail payables, €1,092 million in Latam Retail payables and €57 million in E-commerce payables.

Management of medium- and long-term debt

To manage its medium- and long-term liquidity, at end-2019 Casino Group refinanced all of its confirmed credit facilities via a new €2 billion confirmed credit line ("RCF") maturing in October 2023 (or in October 2022 if the bond tranche maturing in January 2023 has not been refinanced at that date).

Casino Group also raised funds 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.

Casino, Guichard-Perrachon debt covenants at 30 June 2020

As from 31 March 2020, Casino, Guichard-Perrachon is required to comply with two covenants in the France Retail and E-commerce segments, calculated each quarter (on a rolling 12-month basis), as follows:

Type of covenant (France and E-commerce)	Main types of debt subject to covenant	Frequency of tests	Ratio at 30 June 2020
Debt[1]/EBITDA[2]: <7.50[3]	▪ RCF for €2,000 million	Quarterly	6.6
EBITDA[2]/net finance costs: >2.25			3.8

(1) Debt as defined in the loan agreements reflects loans and borrowings for the France Retail and E-commerce segments as presented in note 9.2.1, and certain GPA holding companies reported in the Latam segment (notably Segisor).

(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) 7.50x 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.

There was no change in the covenants applicable to other Casino, Guichard-Perrachon financing facilities (syndicated credit lines totalling €198 million and USD 25 million) compared to 31 December 2019, or in the covenants applicable to financing contracted by the Group's subsidiaries.

9.7. Rallye holding company scope liquidity risk

The projected payment undertakings arising from the implementation of the safeguard plan are described in note 2.1.

Note 10 • Equity

10.1. Share capital

The share capital is made up of ordinary fully paid-up shares with a par value of €3 each.
At 30 June 2020, the share capital consisted of 52,373,235 shares representing a total nominal value of €157 million.

10.2. Breakdown of other reserves

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Equity instruments[1]	Debt instruments[1]	Total other reserves
At 1 January 2019	**(3)**	**(4)**	**(1,215)**	**(56)**	**(57)**	**(2)**	**(1,340)**
Movements for the period	(3)		15		(9)	(12)	(8)
At 30 June 2019	**(6)**	**(4)**	**(1,201)**	**(56)**	**(66)**	**(14)**	**(1,348)**

(1) Financial instruments at fair value through other comprehensive income.

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Equity instruments[1]	Debt instruments[1]	Total other reserves
At 1 January 2020	**(17)**	**(6)**	**(1,259)**	**(62)**	**(56)**	**(1)**	**(1,402)**
Movements for the period	(6)		(247)[2]	1	(7)		(259)
At 30 June 2020	**(23)**	**(6)**	**(1,506)**	**(61)**	**(63)**	**(1)**	**(1,661)**

(1) Financial instruments at fair value through other comprehensive income.
(2) The €247 million negative net translation adjustment in first-half 2020 arose primarily from the depreciation of the Brazilian real for a negative €187 million and the Colombian peso for a negative €40 million.

10.3. Material non-controlling interests

The table below presents the summarised financial information of the main subsidiary (Casino) in which the Rallye Group has material non-controlling interests. These disclosures are presented in accordance with IFRS, adjusted if necessary to reflect fair value re-measurements on the date control was taken or lost, and restatements to ensure consistency of accounting principles with those of the Group. The amounts are shown before intragroup eliminations.

(€ millions)	Casino Group	
	2020	2019 (restated)
% ownership interests held by non-controlling interests	*47.37%*	*47.29%*
% voting rights of non-controlling interests	*36.29%*	*38.18%*
For the first half:		
Net sales	16,140	16,842
Net income (loss) from continuing operations	(287)	(127)
Net income (loss) from discontinued operations	(158)	(98)
Consolidated net income (loss)	**(445)**	**(226)**
Attributable to non-controlling interests in continuing operations	*(99)*	*(23)*
Attributable to non-controlling interests in discontinued operations	*(72)*	*(40)*
Attributable to non-controlling interests	***(171)***	***(63)***
Other comprehensive income (loss)	(1,186)	59
Total comprehensive income (loss) for the period	**(1,631)**	**(167)**
Attributable to non-controlling interests in Casino subsidiaries	*(655)*	*114*
Attributable to non-controlling interests in Casino	*(462)*	*(132)*
Attributable to non-controlling interests in Casino Group	***(1,117)***	***(18)***
At 30 June 2020 and 31 December 2019		
Non-current assets	19,960	22,524
Current assets	10,630	12,603
Non-current liabilities	(12,298)	(13,661)
Current liabilities	(11,664)	(13,175)
Net assets	**6,627**	**8,290**
Attributable to non-controlling interests in Casino subsidiaries	*2,881*	*3,524*
Attributable to non-controlling interests in Casino[(1)]	*2,489*	*2,980*
Attributable to non-controlling interests in Casino Group	***5,370***	***6,504***
For the first half:		
Net cash from (used in) operating activities	67	(922)
Net cash from (used in) investing activities	(375)	503
Net cash from (used in) financing activities	(673)	(1,030)
Effect of changes in exchange rates on cash and cash equivalents	(398)	66
Change in cash and cash equivalents	**(1,379)**	**(1,383)**
Dividends paid during the period:		
Dividends paid to the Group		*88*
Dividends paid to owners of non-controlling interests		*82*

(1) Including €1,350 million relating to issues of deeply-subordinated perpetual bonds (TSSDI) by Casino.

10.4. Dividends

The Annual Shareholders’ Meeting of 26 June 2020 approved the decision not to pay any dividend for 2019.

The coupons payable on deeply-subordinated perpetual bonds are as follows:

(€ millions)	First-half 2020	First-half 2019
Coupons payable on deeply-subordinated perpetual bonds (TSSDI)	**34**	**39**
Of which amount paid during the period	30	37
Of which amount payable in the following period	4	3
Impact on the statement of cash flows	**33**	**43**
Of which coupons awarded and paid during the period	30	37
Of which coupons awarded in the prior period and paid during the period	3	6

Note 11 • Other provisions

11.1. Breakdown of and movements in provisions

(€ millions)	Provisions at 31 Dec. 2019	Additions during the period	Reversals used during the period	Reversals not used during the period	Changes in scope of consolidation and transfers	Effect of movements in exchange rates	Other	Provisions at 30 June 2020
Claims and litigation	444	32	(17)	(14)		(108)		**336**
Other risks and expenses	125	34	(28)	(16)	3	(1)	8	**127**
Restructuring	50	28	(28)	3			(13)	**40**
Total other provisions	**619**	**94**	**(74)**	**(27)**	**3**	**(109)**	**(4)**	**502**
… of which non-current	*466*	*29*	*(18)*	*(21)*	*3*	*(108)*	*(29)*	***322***
… of which current	*153*	*65*	*(56)*	*(6)*		*(1)*	*24*	***181***

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 disputes.

Provisions for claims and litigation amount to €336 million and include €301 million for GPA (note 11.2). Of this amount, additions to provisions, reversals of used provisions and reversals of surplus provisions, respectively, amounted to €24 million, €14 million and €14 million.

11.2. Breakdown of GPA provisions for claims and litigation

(€ millions)	PIS/Cofins/CPMF disputes(1)	Other tax disputes(2)	Employee disputes	Civil litigation	**Total**
30 June 2020	9	222	51	19	**301**
31 December 2019	13	302	68	28	**411**

(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 11.3, GPA is contesting the payment of certain taxes, contributions and payroll obligations. The bonds posted by GPA pending final rulings from the administrative courts on these various disputes are included in "Other non-current assets". GPA has also provided various guarantees in addition to these bonds, reported as off-balance sheet commitments.

	30 June 2020			31 December 2019		
(€ millions)	Bonds posted by GPA	Assets pledged as collateral	Bank guarantees	Bonds posted by GPA	Assets pledged as collateral	Bank guarantees
Tax disputes	33	123	1,685	53	187	2,029
Employee disputes	76		127	105		119
Civil and other litigation	11	2	87	18	3	104
Total	**119**	**124**	**1,899**	**176**	**189**	**2,252**

11.3. 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 3.3.2, no associates or joint ventures have any significant contingent liabilities.

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 involved a series of credit notes totalling €22 million issued in 2013 and 2014 by 41 suppliers. The DGCCRF sought repayment of this sum to the suppliers concerned together with a fine of €2 million.

On 27 April 2020, the Paris Commercial Court handed down its decision, dismissing most of the DGCCRF’s claims. The Court considered that there was no evidence to support DGCCRF’s claims of unlawful behaviour concerning 34 suppliers. It partly accepted the DGCCRF’s claims concerning the other seven suppliers. The Paris Commercial Court ordered Casino Group to refund a series of credit notes issued in 2013 and 2014 by the seven suppliers for a total of €2 million, and to pay a fine of €1 million.

Casino Group maintains that it acted in accordance with applicable regulations in its negotiations with the suppliers concerned, and is considering appealing this decision. At this stage, the decision has not yet been served on the party concerned and the period within which an appeal may be made has not yet commenced. Any such appeal would have a suspensive effect.

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.

These proceedings are in progress. The Group considers that it complied with the applicable regulations in its negotiations with the suppliers concerned by the proceedings. Consequently, no provision has been set aside for these matters.

Moreover, Casino Group is subject to regular inquiries 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.

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 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 as possible the risk of an unfavourable ruling by the arbitral tribunal.

Dispute between Cnova and Via Varejo

On 31 October 2016, ahead of the GPA's announcement of its decision to start negotiations for the sale of its stake in Via Varejo, Via Varejo completed its combination with Cnova Brazil, responsible for the Group's e-commerce business in the country. The combination involved the acquisition by Via Varejo of 100% of Cnova Brazil's shares from Cnova N.V. ("Cnova"). The combination agreement included the usual vendor warranty compensation clauses.

In September 2019, Via Varejo notified Cnova of a guarantee call for an undocumented amount of around

BRL 65 million (€11 million), concerning litigation with employees and customers. Following this notification, Cnova and Via Varejo exchanged information in order to determine the substance and, where appropriate, the scope of the compensation claim. In light of the extensive analyses currently in progress and the discussions that are likely to result from the analyses, Cnova is unable to determine the extent of its exposure to this risk. On 20 July 2020, Cnova received notification that Via Varejo had commenced arbitration proceedings. To date, no further information has been provided in connection with the arbitration proceedings and Cnova therefore continues to be unable to determine the extent of the risk and/or of its liability, if any.

GPA tax, social and civil contingent liabilities

(€ millions)	30 June 2020	31 Dec. 2019
INSS (employer's social security contributions)	75	100
IRPJ – IRRF and CSLL (corporate income taxes)	171	234
PIS, COFINS and CPMF (VAT and similar taxes)	327	448
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	29	27
ICMS (state VAT)	1,017	1,355
Civil litigation	67	89
Total	**1,686**	**2,254**

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. At 30 June 2020, the estimated amount of these fees was €33 million (31 December 2019: €44 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 1,423 million at 30 June 2020 (31 December 2019: BRL 1,409 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 712 million (€116 million) (31 December 2019: BRL 705 million, representing €156 million). As the risks of liability are only considered possible, Casino has not recognised a provision in its financial statements for this amount.

GPA contingent assets

Exclusion of ICMS from the PIS/COFINS tax base

Since the adoption of the non-cumulative regime to calculate PIS and COFINS tax credits, GPA has challenged the right to deduct ICMS taxes from the calculation basis for 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 reversal 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 1,198 million (€196 million) at 30 June 2020.

Pursuant to the shareholder agreements between GPA and the Klein family following the creation of Via Varejo, which were still in force at 30 June 2020, GPA has a legal right to obtain from Via Varejo the aforementioned tax credits in respect of its former subsidiary Globex for the 2003-2010 period. As a result of the final ruling obtained by Via Varejo on its proceedings with the tax authorities in May 2020, GPA has an unconditional right to obtain a refund of these tax credits from Via Varejo. GPA has recognised a gross amount of BRL 158 million (€29 million) in its income statement in this respect (note 3.2.2). Pending full legal documentation from Via Varejo for the 2003-2007 period, GPA considers these tax credits as a contingent asset with an estimated value of BRL 350 million (€57 million) at 30 June 2020.

Note 12 • Related-party transactions

12.1. Group related-party transactions

Rallye is controlled by Foncière Euris which in turn is held by Finatis then by Euris.

At 30 June 2020, Foncière Euris held 58.16% of the capital of Rallye and 72.02% of the voting rights.

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Group also receives other routine services from Euris and Foncière Euris (technical assistance, provision of staff and premises). The expenses recorded during the period in respect of these agreements totalled €3.4 million, of which €2.9 million for administrative and strategic advisory services and €0.5 million for the provision of staff and premises.

Relations with other related parties, including remuneration of senior managers, remained comparable to those of the 2019 financial year, and no unusual transactions, in terms of either nature or amount, took place during the period.

Transactions with related equity-accounted investees are presented in note 3.3.3.

12.2. Transactions with related parties not affiliated with the Group

In first-half 2020, Rallye’s Board of Directors authorised two related-party agreements. A press release regarding the agreements was published on Rallye’s website in accordance with Article L. 225-40-2 of the French Commercial Code. The agreements concern:

- The bond financing agreement entered into with Fimalac, as described in the Rallye press release dated 30 March 2020, to allow Rallye to (i) repay in full all derivatives transactions entered into by Rallye, HMB, and Cobivia, which are not covered by the safeguard plans of said companies but are subject to specific agreements (see Rallye’s press release dated 25 November 2019), for a maximum principal amount of €215 million, and (ii) finance Rallye’s general corporate needs for a maximum principal amount of €15 million.
- As part of the financing set up to allow Rallye to repay in full all derivatives transactions and as security and collateral for its payment and repayment obligations in respect of the two bond financing agreements, Rallye has undertaken to enter into a fiduciary-trust management agreement, governed by French law, with Fimalac, under which a fiduciary trust will be created in which the 9,468,255 Casino shares held by Rallye will be deposited.

The Casino shares previously pledged to banks party to the derivatives transactions were transferred to the fiduciary trust on 20 July 2020, resulting in two threshold crossings: Rallye's stake in Casino fell below 50% of the share capital, and the share capital and voting rights held by Equitis Gestion (the fiduciary) in Casino rose above 5% of the share capital.

Note 13 • Subsequent events

— *Refinancing of all Rallye derivatives transactions*

In connection with the financing facility entered into with Fimalac, Rallye announced on 17 July 2020 that it had issued 210,042,400 bonds in an amount of €210,042,400, that were fully taken up by Fimalac. The proceeds of the issue were used on the same date to repay all the derivatives transactions entered into by Rallye, HMB and Cobivia, which were not covered by the safeguard plans of said companies but were subject to specific agreements. The bonds subscribed by Fimalac bear PIK interest and have a maturity of four years with a one-year extension subject to agreement between Rallye and Fimalac. The early repayment events provided for under the issue, which are customary for such types of financing, are set out below:

- occurrence of an event following which Jean-Charles Naouri no longer holds directly or indirectly at least 50% of the voting rights of Casino, plus one vote; and
- rescission of Rallye's safeguard plan.

As a guarantee for this bond issue, 9,468,255 shares of Casino (i.e., approximately 8.73% of Casino's share capital), previously pledged to the financial institutions party to the derivatives transactions, were transferred by Rallye to a fiduciary trust for the benefit of Fimalac.

STATUTORY AUDITORS' REVIEW REPORT

on the Half-yearly Financial Information

Period from 1 January to 30 June 2020

This is a free translation into English of the Statutory Auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual Shareholders' Meetings and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Rallye, for the period from 1 January to 30 June 2020;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors on 29 July 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the standard of the IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report commenting the condensed half-yearly consolidated financial statements subject to our review prepared on 29 July 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, 31 July 2020

The Statutory Auditors

KPMG Audit Department of KPMG S.A.	Ernst & Young et Autres
Jean-Marc Discours	Henri-Pierre Navas