

RALLYE

Annual results 2022

The Board of Directors of Rallye has acknowledged the results announced by Casino for the financial year ended 31 December 2022 as well as the sale by Casino of 18.8% of Assai's share capital for an amount of €723.2m, in order to accelerate its deleveraging. Rallye draws the attention of investors to the fact that the safeguard plans depend primarily on the ability of Casino to distribute sufficient dividends, the principle and amount of which will depend on Casino's financial position, the implementation of its strategic plan and, in particular, its disposal plan. **Rallye therefore considers that the risk factor related to the implementation of the safeguard plans has increased** (cf. Universal registration document 2021 of the company, page 49, « Risks relating to the implementation of the safeguard plans »).

Rallye will liaise with its creditors in order to examine the possibilities and possible ways of adjusting its safeguard plan.

The consolidated and annual financial statements for 2022 were closed by the Board of Directors on 22 March 2023. They were established on a going concern basis¹ taking into account the forecasts made by Rallye for the next twelve months, which show a cash position (€19m at 31 December 2022) compatible with the operating costs of the structure and the future commitments taken within the safeguard plan².

The audit procedures have been performed by the statutory auditors and the certification reports are about to be issued.

<i>(in €m)</i>	2022	2020 (restated*)
Net sales	33,615	30,555
EBITDA³	2,498	2,503
<i>EBITDA margin</i>	7.4 %	8.2 %
Trading profit	1,107	1,173
<i>Trading profit margin</i>	3.3 %	3.8 %
Net profit (loss) from continuing operations, Group share	(235)	(143)
Net underlying profit (loss) from continuing operations, Group share	(220)	(108)
Net profit (loss), Group share	(254)	(277)

Rallye's consolidated net sales amounted to €33.6bn and trading profit was €1,107m as at 31 December 2022. The net underlying loss from continuing operations, Group share, amounted to - €220m as at 31 December 2022.

* The 2021 financial statements have been restated to reflect the retrospective application of IFRS IC decision with regard to the costs of implementing, configuring and customizing software in SaaS mode.

¹ The notes to the annual financial statements will indicate that there is significant uncertainty about Rallye's going concern related to Casino's ability to distribute sufficient dividends and/or the possibility of amending Rallye's safeguard plan by the deadline of February 2025.

² As a reminder, no payment is due under the safeguard plan in 2023

³ EBITDA = trading profit + current depreciation and amortization expense

1. Holding perimeter ¹

Global tender offer launched by Rallye on its unsecured debt

On 9 May 2022, the Paris Commercial Court approved the amendment to Rallye safeguard plan allowing the effective completion of the global tender offer on its unsecured debt launched on 23 March 2022. Rallye acquired a total amount of unsecured debt of €242.3m for a total repurchase price of €36.6m reducing the amount of its debt by €234.9m (including accrued interest). The tender offer was settled on 16 May 2022.

Net financial debt of Rallye's holding perimeter

The bridge between Rallye's holding perimeter gross financial debt and net financial debt is detailed below:

(in €m)	31 Dec. 2022	31 Dec. 2021
Claims secured by pledges over Casino shares	1,268	1,228
Unsecured claims	1,293	1,518
Claims secured by pledges over shares of Rallye subsidiaries (other than Casino)	142	137
Total - claims under the safeguard plan	2,703	2,883
Financings issued after the enforcement of the safeguard plan	397	295
Total - gross financial debt	3,100	3,178
Cash and other financial assets ⁽¹⁾	(20)	(17)
Total - net financial debt (before IFRS restatements)	3,080	3,161
IFRS restatements (including the impact of the approval of the safeguard plan) ⁽²⁾	(265)	(343)
Total - net financial debt	2,815	2,818

(1) Of which €19m at Rallye company level at 31 December 2022, including the drawing in June 2022 of the €15m financing subscribed to Fimalac, vs. 16 M€ at 31 December 2021

(2) As part of the safeguard procedure, the restatement of financial liabilities in accordance with IFRS 9 - Financial Instruments - amounted to €265m at 31 December 2022 versus €343m at 31 December 2021. The decrease observed over the year is mainly due to the second global tender offer carried out early 2022.

The accounting treatment comprising a reduction of the financial liability and as counterpart the future increase of the interest expenses is the translation of the IFRS 9 standard and does not amend the repayments undertakings or the financial liability to be reimbursed.

Rallye's holding perimeter gross financial debt stood at €3,100m as of 31 December 2022, down - €78m, mainly as a result of:

- Financial interests (excluding IFRS) of €134m over 2022, which will be repaid in accordance with the repayments undertakings approved by the Paris Commercial Court on 28 February 2020 and 26 October 2021 and its contractual documentation.
- Unsecured debt tendered for a total amount of €242.3m for a total repurchase price of €36.6m reducing the total amount of its debt by €234.9m (including accrued interest).

Rallye's holding perimeter net financial debt, before IFRS restatements, amounted to €3,080m as of 31 December 2022, compared to €3,161m as of 31 December 2021.

¹ Rallye's holding perimeter is defined as Rallye and its subsidiaries holding the investment portfolio

The change in Rallye's holding perimeter net financial debt over the year breaks down as follows:

(in €m)	2022	2021
Net financial debt (opening)	2,818	2,839
Financial interests (excluding IFRS)	134	123
Holding costs	14	19
Net impact of the global tender offers on unsecured debt ⁽¹⁾	(166)	(113)
Other	6	1
Variation of IFRS restatements (including the impact of the approval of the safeguard plan)	9	(52)
Net financial debt (closing)	2,815	2,818

(1) Excluding IFRS restatements (i.e. the accelerated amortization of liabilities under the IFRS 9 standard for the acquired debt), the net impacts of the global tender offers carried out early 2021 and 2022 would amount to €156m and €235m respectively.

After taking into account the change in IFRS restatements (+€9m in 2022 and -€52m in 2021), Rallye's holding perimeter net financial debt amounted to €2,815m as of 31 December 2022.

The execution of the safeguards plans of Rallye and its parent companies depends mainly on Casino's distributive capacity as well as various refinancing options. The distributive capacity of Casino is framed by its financial documentation which authorises the distribution of dividends¹ when the ratio of gross financial debt to EBITDA including leases (France Retail + E-commerce) is below 3.5x. As at 31 December 2022, the gross financial debt to EBITDA including leases ratio was 6.86x versus 6.47x at 31 December 2021 (see table in Appendices).

Rallye company level annual result

Rallye's net loss for 2022 was - €1,696m (vs. - €334m in 2021). In particular, it incorporates a non-recurring financial product of €235m linked to the second buyback of unsecured debt and an impairment on Casino shares of an amount of - €1,768m in order to reduce their net book value to the value in use calculated at 31 December 2022, representing a value in use per share of €43.31 (vs. €74.49 as at 31 December 2021). As at 31 December 2022, Rallye's shareholders equity was thus negative -€601m² (vs. €1,095m as at 31 December 2021).

2. Casino's activity³

Casino Group's consolidated net sales amounted to €33.6bn in 2022, up +5.2 % on same-store basis⁴, up +3.8 % on an organic basis⁴ and up +10.0 % as reported after taking into account the effects of exchange rates (+6.4%), fuel (+0.3%), calendar effect (-0.2%) and changes in scope (-0.3%).

- In the France Retail scope, net sales rose +1.5% on a same-store basis, driven by a dynamic performance in buoyant formats. Including Cdiscount, same-store growth in France came to a negative 2.6%.
- E-commerce (Cdiscount) gross merchandise volume (GMV) was €3.5bn⁵, with an increase in the marketplace contribution to 52% (+6 pts vs. 2021)⁵.
- Sales in Latin America were up by +12.3% on a same-store basis⁴, mainly driven by the very good performance in the Cash & Carry segment (Assaí) and Grupo Éxito.

¹ Beyond ordinary dividend representing 50% of net profit attributable to owners to the parent, with a minimum of €100m per year from 2021 and an additional €100m that may be used for one or several distributions during the life of the debt instruments.

² The company Rallye, benefiting from a safeguard plan, shall not be required to apply the procedure for convening an extraordinary general meeting for the purpose of deciding whether or not to dissolve and the reconstitution of equity if the dissolution is not pronounced in accordance with the provisions of Article L 225-248 paragraph 7 of the Commercial Code.

³ More detailed information about Casino activity is communicated directly by the subsidiary

⁴ Excluding fuel and calendar effects

⁵ Data published by the subsidiary

Casino Group's consolidated trading profit came to €1,117m, a change of -5.9% including currency effects (-3.6% excluding tax credits) and of -12.1% at constant exchange rates (-5.2% excluding tax credits).

- In France (including Cdiscount), trading profit stood at €440m, including €482m on the France Retail scope and -€42m for Cdiscount. Trading profit for the retail banners (France Retail excluding GreenYellow and property development) was €421m (vs. €479m in 2021), with a trading margin of 3.0%. Trading profit came to €30m for property development and to €31m for GreenYellow.
- E-commerce reported a -€42m trading loss (vs. €18m trading profit in 2021), impacted in particular by the increase in depreciation and amortisation linked to investments made over the last few years to expand Octopia's operations.
- In Latin America, trading profit excluding tax credits was up +10.9% year on year, driven by Assaí (+44% excluding tax credits), in line with business growth. Including tax credits¹ (€28m in 2021 and €0m in 2022), trading profit was up +6.1% to €677m.

Consolidated net debt was **€6.4bn** (vs. €5.9bn at end-2021), including €4.5bn in France² (€4.9bn at end-2021) and €1.9bn in Latin America (€979m at end-2021). In France, the reduction in debt was notably due to bond redemptions and to the Segisor repayment (€150m). The increase in debt in Latin America is the result of higher debt at Assaí owing to its investment plan.

At 31 December 2022, the **Casino Group's liquidity** in France (including Cdiscount) was €2.4bn, with €434m in cash and cash equivalents and €2.0bn in confirmed undrawn lines of credit available at any time³. The balance of the unsecured segregated account was €36m at 31 December 2022, enabling the Casino Group to meet its January 2023 debt servicing obligations.

At 31 December 2022, the Group complied with the covenants contained in the revolving credit facility. The ratio of **secured gross debt to EBITDA (after lease payments)**⁴ was **3.1x**⁵, within the 3.5x limit, representing debt headroom of €270m and EBITDA headroom of €77m. The **ratio of EBITDA (after lease payments) to net finance costs** stood at **3.0x** (above the required 2.5x), representing EBITDA headroom of €115m.

3. 2023 Casino's priorities in France

Operational efficiency and development

- **Inventory reduction plan: -€190m in the first half of the year**, offsetting end-2022 excess inventory
- New **cost reduction** plan: **-€250m** in the retail banners
- Acceleration of the **expansion strategy in convenience formats: +1,000 stores** representing more than **€500m** in full-year **gross sales under banner**

Deleveraging

- Completion of the **disposal plan in France: €400m** by the end of 2023
- Continued **monetisation** of assets in Latin America
- **Debt decrease**

¹ Tax credits restated by subsidiaries in the calculation of adjusted EBITDA and adjusted trading profit

² France including Cdiscount, GreenYellow and Segisor

³ Subject to compliance with covenants tested at the end of each quarter

⁴ As defined in the refinancing documentation

⁵ Secured debt of €2.1bn and EBITDA after lease payments of €690m

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APPENDICES

Annual results 2022

(consolidated data)

(in €m)	2022	2021 (restated)
Net sales	33,615	30,555
EBITDA	2,498	2,503
Trading profit	1,107	1,173
Other operational income and expenses	(590)	(661)
Cost of net financial debt	(697)	(494)
Other financial income and expenses	(221)	(280)
Profit (loss) before tax	(401)	(262)
Income taxes	9	86
Share of net income of equity-accounted investees	11	48
Net profit (loss) from continuing operation, Group share	(235)	(143)
Net underlying profit (loss) from continuing operations, Group share	(220)	(108)
Net profit (loss), Group share	(254)	(277)

Rallye simplified balance sheet

(consolidated data)

(in €m)	31 Dec.2022	31 Dec.2021 (restated)
Non-current assets	23,723	22,074
Current assets	8,947	9,497
TOTAL ASSETS	32,670	31,571
Equity	3,861	3,814
Non-current financial liabilities	10,212	10,295
Other non-current liabilities	6,027	5,528
Current liabilities	12,570	11,934
TOTAL EQUITY AND LIABILITIES	32,670	31,571

Reconciliation of reported profit to underlying profit

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

Non-recurring financial items include fair value adjustments to equity derivative instruments, the effects of discounting Brazilian tax liabilities, the restatements and impacts of the implementation of IFRS 9 following Rallye's safeguard plan approval, the deferment for two years of the payment dates and the net results of the global tender offers carried out by Rallye in 2021 and 2022.

(in €m)	2022	Adjusted items	2022 underlying	2021 restated	Adjusted items	2021 restated underlying
Trading profit	1,107		1,107	1,173		1,173
Other operating income and expenses	(590)	590		(661)	661	
Operating profit	517	590	1,107	512	661	1,173
Cost of net financial debt ⁽¹⁾	(697)	(17)	(714)	(494)	(51)	(545)
Other financial income and expenses ⁽²⁾	(221)	(136)	(357)	(280)	(113)	(393)
Income taxes ⁽³⁾	9	(185)	(176)	86	(147)	(61)
Share of net income of equity-accounted investees	11		11	48		48
Net profit (loss) from continuing operations	(381)	252	(129)	(128)	350	222
o/w attributable to non-controlling interests ⁽⁴⁾	(146)	237	91	15	315	330
o/w Group share	(235)	15	(220)	(143)	35	(108)

(1) Cost of net financial debt restatements mainly relates to the implementation of IFRS 9 - Financial Instruments following Rallye's safeguard plan approval in 2020 and amended in 2021, as well as the cancellation of the interest calculated, since the start of the safeguard procedure, on Rallye's unsecured debt repurchased during the tender offer made in the 1st half of 2022.

(2) Other financial income and expenses have been restated for the positive net impacts of Rallye's global tender offers carried out in the first half 2021 and 2022.

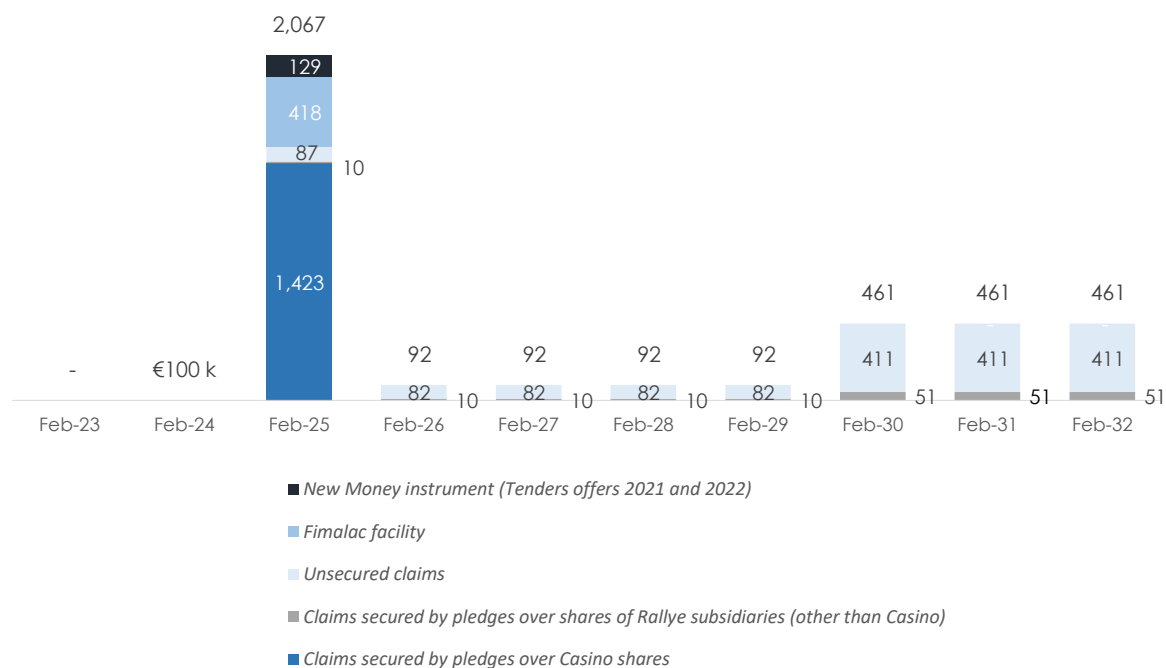
(3) Income taxes have been restated in accordance with items restated above.

(4) Non-controlling interests have been restated for amounts associated with the above restated items.

Estimated repayment profile of Rallye's liabilities

(in €m)

The estimated repayment profile of Rallye's liabilities below incorporates the impact of the tender offer on the unsecured debt (see "1. Holding perimeter" of this press release) and the impact of the forward yield curve:



Additional Information

Gross debt to EBITDA ratio governing the distribution of dividends in Casino's financial documentation

Financial information for the 12-month period (France Retail + E-commerce scope) ⁽¹⁾

(in €m)	31 Dec.2022	31 Dec.2021
Net sales	15,825	16,101
EBITDA	1,321	1,464
(-) impact of leases ⁽²⁾	(601)	(622)
(i) EBITDA including leases	721	842
(ii) Gross debt ⁽³⁾	4,945	5,450
(iii) Cash and cash equivalents	468	569
Gross debt to EBITDA ratio (ii/i)	6.86x	6.47x

¹ Unaudited data, scope as defined in bond refinancing documentation with mainly Segisor and Wilkes accounted for within the France Retail + E-commerce scope (including GreenYellow)

² Interest paid on lease liabilities and repayment of lease liabilities as defined in the refinancing documentation

³ Loans and borrowings