

# RALLYE

## 2023 first-half results

The consolidated financial statements for the first half of 2023, reviewed by the statutory auditors, were adopted by the Board of Directors on 27 July 2023 in abandonment of the principle of going concern and with the classification of Casino Group's assets and liabilities as assets and liabilities held for sale and its operations on a separate line of the consolidated income statement in discontinued operations, in accordance with IFRS 5.

In the event that the new money equity offer received by Casino from EPGC, Fimalac and Attestor is implemented, the current shareholders of Casino will be massively diluted<sup>1</sup> and Rallye will no longer control Casino, which would compromise the implementation of Rallye safeguard plan.

As a result, Casino Group's assets and liabilities were presented as assets and liabilities held for sale and its operations are presented on a separate line of the consolidated income statement in discontinued operations as defined in IFRS 5, in Rallye's 2023 half-year consolidated financial statements.

This anticipated massive dilution would have the effect of virtually depriving Rallye of any future dividends paid by the Casino Group and would compromise the company's ability to implement its safeguard plan within the set deadline. In the absence of any other assets allowing Rallye to repay its debts, the company would have no realistic solution other than liquidation or cessation of activity. In accordance with IAS 10, "Events after the reporting period" paragraph 14, the principle of going concern was therefore abandoned on 30 June 2023 and the gross financial debt reclassified as current debt (due within one year) in the 2023 half-year consolidated financial statements.

If Rallye were unable to fulfill its commitments within the deadline set by its safeguard plan, the Paris Commercial Court may vote on the cancellation of the plan after consulting the public prosecutor and the administrators appointed to oversee the plan (CEP) upon presentation of their report. If the state of cessation of payments was established during the safeguard plan, the Paris Commercial Court will initiate administration proceedings, unless administration is manifestly not possible, in which case the Court will initiate liquidation proceedings.

In this context, Rallye continues to apply the IFRS standard as adopted by the European Union.

For information purposes, the cash forecasts for the next 12 months for Rallye are consistent with future commitments resulting from the implementation of its safeguard plan. However, these commitments do not take into account the €25m AMF sanction required on 7 July 2023 against Rallye, pending deliberation, nor do they include the probable possibility of liquidation.

The accounting treatment of abandonment of the principle of going concern, adopted in application of IFRS standards, does not imply any legal consequences for the company Rallye and has no impact on the immediate repayment of debts.

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<sup>1</sup> In the presentation of the offer posted on Casino's website on 17 July 2023, the implied shareholding structure indicates an 0.3% stake in the capital (before dilution of 5% due to backstop warrants) for existing shareholders (excluding EPGC and Fimalac)

## Half-year consolidated financial statement <sup>(1)</sup>

(in €m)	H1 2023	H1 2022 (restated) <sup>(2)</sup>
Net sales	2	2
Recurring operating income	(4)	(5)
Cost of net debt	(350)	(40)
Other financial income (expenses)	-	138
<b>Net income (loss) from continuing operations, attributable to owners of the parent</b>	<b>(356)</b>	<b>91</b>
<b>Net income (loss) from discontinued operations</b>	<b>(5,205)</b>	<b>(277)</b>
<b>Attributable to owners of the parent</b>	<b>(1,852)</b>	<b>(145)</b>
<b>Consolidated net income (loss)</b>	<b>(5,561)</b>	<b>(186)</b>
<b>Attributable to owners of the parent</b>	<b>(2,208)</b>	<b>(54)</b>

(1) Statutory Auditor's review report is about to be issued

(2) Previously published comparative information has been restated, following the reclassification of Casino Group in discontinued operations in accordance with IFRS 5.

Net loss from continuing operations, attributable to owners of the parent, was -€356m at 30 June 2023, negatively impacted by the accelerated amortized cost on debt for -€265m, compared to €91m at 30 June 2022, which included the impact of the global tender offer on Rallye unsecured debt in the first half of 2022.

Net loss from discontinued operations was -€5,205m at 30 June 2023. In addition to the reclassification of the Casino Group's net loss for the period on this aggregate, i.e. -€2,920m, it includes an exceptional impairment of -€2,145m in order to reduce the value of the net assets to the IFRS fair value of Casino's assets. Net loss from discontinued operations, attributable to owners of the parent, was -€1,852 m at 30 June 2023.

Casino consolidated net loss in H1 2023 (€2,920m) is impacted in particular by Casino France operating losses and non-cash effects (impairment of deferred taxes in France for €683m and impairment of goodwill and trademarks for €1.4bn, mainly GPA).

### Net financial debt of Rallye's holding perimeter <sup>1</sup>

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

(in €m)	30 June 2023	31 Dec. 2022
Claims secured by pledges over Casino shares	1,300	1,268
Unsecured claims	1,317	1,293
Claims secured by pledges over shares of Rallye subsidiaries (other than Casino)	146	142
<b>Total - claims under the safeguard plan</b>	<b>2,763</b>	<b>2,703</b>
Financings issued after the enforcement of the safeguard plan	419	397
<b>Total - gross financial debt</b>	<b>3,182</b>	<b>3,100</b>
Cash and other financial assets <sup>(1)</sup>	(14)	(20)
<b>Total - net financial debt (before IFRS restatements)</b>	<b>3,168</b>	<b>3,080</b>
IFRS restatements <sup>(2)</sup>		(265)
<b>Total - net financial debt</b>	<b>3,168</b>	<b>2,815</b>

(1) Of which €13m at Rallye company level at 30 June 2023 vs. €19m at 31 December 2022.

(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.

<sup>1</sup> Rallye's holding perimeter is defined as Rallye and its subsidiaries holding the investment portfolio

Rallye's holding perimeter gross financial debt stood at €3,182m as of 30 June 2023, up €82m over the half-year, due to financial interests (excluding IFRS) recorder in the first half of 2023.

Rallye's holding perimeter net financial debt amounted to €3,168m as of 30 June 2023, compared to €3,080m as of 31 December 2022 before IFRS restatements.

The change in Rallye's holding perimeter net financial debt over H1 2023 breaks down as follows:

<i>(in €m)</i>	H1 2023	2022
<b>Net financial debt (opening)</b>	<b>2,815</b>	<b>2,818</b>
Financial interests (excluding IFRS)	82	134
Holding costs	6	14
Net impact of the global tender offer on unsecured debt <sup>(1)</sup>		(166)
Other		6
Change in IFRS restatements <sup>(2)</sup>	265	9
<b>Net financial debt (closing)</b>	<b>3,168</b>	<b>2,815</b>

(1) Excluding IFRS restatements (i.e. the accelerated amortization of liabilities under the IFRS 9 standard for the acquired debt), the net impact of the global tender offer carried out in 2022 would amount to €235m.

(2) The change in IFRS restatements (€265m) corresponds to the accelerated amortization of liabilities under the IFRS 9 standard as part of the abandonment of the principle of going concern

The risk factors to which Rallye is exposed are described in detail in the Universal Registration Document for the 2022 financial year, available on the group's website, and filed with the *Autorité des marchés financiers* on 18 April 2023 under number D.23-0303.

In the event that the new money equity offer received by Casino from EPGC, Fimalac and Attestor is implemented, the current shareholders of Casino will be massively diluted and Rallye will no longer control Casino, which would compromise the implementation of Rallye safeguard plan.

In addition, with regard to legal risks related to ongoing procedures:

- By judgment of 25 May 2023, the Court of Appeal of Paris reversed the judgment of 13 October 2022 of the Paris Commercial Court that had declared Angelo Gordon admissible but unfounded in his application for third-party proceedings against the judgment of 26 October 2021 having extended the duration of Rallye safeguard plan. Ruling once more, the Court of Appeal declared Angelo Gordon inadmissible in its application for third-party proceedings without any ground on its own.
- Following the investigation of the *Autorité des marchés financiers* ("AMF") opened in autumn 2018, the *Collège de l'AMF* requested a €25m sanction against Rallye during the Sanctions Commission held on 7 July 2023. The deliberation is still pending.

Regarding equity risk:

For information, on the basis of the Casino share price of 30 June 2023, i.e. €4.07, an additional impairment of €2.2bn would have been recognized in the parent company financial statements if they had been closed at 30 June 2023, in order to reduce the net book value of Casino securities held by Rallye to €229m.

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