RALLYE

Interim Financial Report

2021

Article 222-4 of the AMF General Regulation

This document is a free translation into English of the original French "Rapport Financier Semestriel au 30 Juin 2021", hereafter referred to as the "Interim Financial Report at 30 June 2021". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

RALLYE

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** The interim financial statements for the six months ended 30 June 2021 and 30 June 2020 have been reviewed by the Statutory Auditors.*

RALLYE
A French *société anonyme* (joint stock company) with a share capital of EUR 157,796,103
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KEY FIGURES

(€ millions)	First-half 2021	First-half 2020 (restated)[1]	*Change*
Continuing operations:			
Net sales	14,482	16,141	*(1,659)*
Recurring operating income	438	387	*51*
Net income (loss) from continuing operations	**88**	**14**	***74***
Net income (loss) from discontinued operations	**(169)**	**(150)**	***(19)***
Consolidated net income (loss)	**(81)**	**(136)**	***55***
Attributable to owners of the parent	**(71)**	**40**	***(111)***
In € per share[2]	*(1.35)*	*0.76*	*2.11*

(1) Previously published comparative information has been restated (note 1.3).

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

(€ millions)	30 June 2021	31 Dec. 2020	*Change*
Consolidated balance sheet			
Consolidated shareholders' equity	4,324	4,290	*34*
Net debt	8,276	6,751	*1,525*

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, 30 July 2021

Franck Hattab
General Manager

INTERIM BUSINESS REPORT

Business report

The comments in the Interim Financial Report reflect comparisons with first-half 2020 results from continuing operations.

Leader Price, which was sold on 30 November 2020, is presented as a discontinued operation in 2020 and 2021. The gradual conversion of the stores sold to Aldi is expected to be completed by 30 September 2021. Similarly, Groupe GO Sport, for which the decision to sell was made at end-2019, is presented as a discontinued operation in 2020 and 2021.

The financial statements for the first half of 2020 have been restated following the retrospective application of the IFRS IC decision on the determination of the lease term and the depreciation period for fixtures and fittings under IFRS 16 – Leases.

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

Main changes in the scope of consolidation

- There were no significant changes in consolidation scope during the period

Currency effects

	Average exchange rates			Closing exchange rates		
	H1 2020	H1 2021	Change %	H1 2020	H1 2021	% change
Colombia (EUR/COP) (x1,000)	4.0704	4.3671	-6.8%	4.2271	4.4669	-5.4%
Brazil (EUR/BRL)	5.4167	6.4912	-16.6%	6.1118	5.9050	+3.5%

CASINO GROUP

Financial highlights of the first half of 2021

(€ millions)	First-half 2020 (restated)	First-half 2021	Reported change	Change at CER
Consolidated net sales	**16,140**	**14,480**	**-10%**	**-0.5%**
EBITDA	**1,063**	**1,099**	**+3%**	**+11%**
Trading profit	**399**	**444**	**+11%**	**+24%**
Underlying net profit, Group share	(95)	(72)	+23	n.m.
Consolidated net debt	4,837	5,482	*+645*	
o/w France (incl. Cdiscount, excl. GreenYellow)	*3,395*	*3,837*	*+442*	

First-half 2021 highlights

— *Retail banners: increased profitability and progress in priority areas of expansion and E-commerce*

Profitability continued to improve for the retail banners [1], with trading profit margin up +81 bps to 2.1% in H1 2021. Trading profit increased by +50% in H1 2021, to €146m (vs. €97m in H1 2020), supported by **a reduction in the cost base of €30m per quarter** thanks to the transformation plans initiated in Q3 2020, which drove productivity gains at the head office and in stores.

Expansion of the store base and digitalisation

- **Expansion of the Group's store base continued during the period, with 353 convenience stores opened in urban, semi-urban and rural areas**, of which 26 Naturalia. In Q2 2021, the Group opened 238 stores, in line with the initial target of 200 openings.
- The Group had **613 stores equipped with autonomous solutions** as of end-June 2021 (vs. 533 as of end-2020), facilitating evening and weekend openings. 63% of payments in Géant hypermarkets and 58% at Casino Supermarkets were made by smartphone or automatic check-out as of end-June 2021 (vs. 61% and 48% respectively as of end-2020). **CasinoMax** app users accounted for 24% of sales in hypermarkets and supermarkets in Q2 (vs. 22% as of end-2020).

Food E-commerce

- Food E-commerce [2] posted same-store sales growth of +15% for the period and **+103%** over two years, outperforming the market (+59% [3]). The expanded offering now covers the full spectrum of home delivery solutions, through partnerships with high-tech players that are leaders in their field:
  - Next-day delivery from the O'logistique warehouse (automated with Ocado technology) via Monoprix Plus (30,000 items) and Casino Plus (24,000 items);
  - Same-day delivery/in-store click & collect solutions picked up pace with the launch of an Amazon click & collect service within two hours from Géant Casino and Casino Supermarkets (target of 180 stores). In addition, new deployments of Amazon lockers are planned, in addition to the 600 already installed to date in the Group;
  - Delivery within two hours: extension of the partnership with Amazon to Montpellier and Strasbourg, in addition to Paris, Nice, Lyon and Bordeaux;
  - Delivery within 30 minutes: roll-out of a quick-commerce offering across 800 stores thanks to Franprix's delivery services and the partnerships with Deliveroo and Uber Eats;
  - Launch of a food marktetplace on the Casino.fr website.

Sales initiatives

The Group's banners are adapting their offering to new consumer trends by developing a series of initiatives designed to meet their customers' expectations:

- **Expansion of Monoprix's range of services based on three key areas**: (i) health, through Santé Au Quotidien spaces dedicated to health and well-being, with advice from a qualified pharmacist and a range of CBD products; (ii) local products, both food and non-food, from less than 100km away, and (iii) a sustainable mobility offering including bikes, kick scooters, a service station and a range of accessories (helmets, connected devices and fashion accessories)

[1] France Retail operations excluding Vindémia, real estate development and GreenYellow.

[2] Food E-commerce = E-commerce France excluding Cdiscount.

[3] Source: Nielsen, YTD P06 2021, over two years.

- **Development of Franprix in suburban** areas with 150 store openings scheduled over two years and specific customer services (newspapers and magazines, parcel receipt, hot meals and cooked dishes for the evening, and electric bike rental in partnership with Véligo)
- **Evolution of concepts within Géant Casino and Casino Supermarkets**: both banners have introduced artificial intelligence into the operational management of their stores, and partnerships have been signed with some fifteen brands and start-ups to introduce innovative concepts (artisanal products in short circuits: juices, honeys, dairy products). Géant has deployed expanded fruit and vegetable areas, cash & carry spaces, developed electric mobility corners and will soon launch toy corners with La Grande Récré. In addition, 9 small, loss-making Géant stores have been converted into Casino Supermarkets to provide an offering that better suits local needs.

Outlook for H2 2021: given the success of the banners' transformation plans and their profitability, strong return to growth in H2 in profitable formats with (i) the expansion of the store base (400 openings) and (ii) an acceleration in E-commerce

— *Cdiscount [1]: solid performance from the marketplace, digital marketing and Octopia in the first half of the year*

Cdiscount generated €49m [2] in EBITDA, stable year-on-year (+148% over two years).

The marketplace recorded a half-yearly increase in gross merchandise volume (GMV) of +33% over two years (+10% year-on-year):
- The marketplace contribution to GMV rose by +4 pts year-on-year to 46%
- Marketplace revenues grew by +17% (+39% over two years) to €199m over the last 12 months
- Fulfilment by Cdiscount services accounted for 35% of marketplace GMV (up +7 pts year-on-year)

Digital marketing saw its revenues grow by +44% in H1 2021. It continued to be supported by the development of the Cdiscount Ads Retail Solution (CARS) digital marketing platform, where the number of sponsored products rose by +91% in H1 2021.

Turnkey marketplace solution **Octopia recorded rapid growth in H1 2021, with a +60% increase in GMV** (x3 over two years) in Products-as-a-Service and Fulfilment-as-a-Service solutions. Merchants-as-a-Service and Marketplace-as-a-Service solutions recorded a good start.

Outlook for H2 2021: further progress on priority strategic plans (marketplace, digital marketing, Octopia) resulting in strong EBITDA growth.

— *GreenYellow: increase in photovoltaic pipeline of +85% year-on-year and expansion into Europe*

For the six months to 30 June 2021, GreenYellow generated EBITDA of €37m [3]. Excluding gains on asset disposals, EBITDA increased by +40% in H1 2021 compared with H1 2020.

At 30 June 2021, GreenYellow had an advanced pipeline of 809 MWp in solar power projects, up a sharp +85% from 30 June 2020, and an additional prospective pipeline of 3.5 GWp. The advanced pipeline for the energy efficiency business came to 350 GWh, up +78% from 30 June 2020, with an additional prospective pipeline of nearly 900 GWh.

Expansion continued with the **launch of an initial 4 MWp solar project in Bulgaria** through a strategic partnership with Solarpro, a key player in the European photovoltaics market. GreenYellow has indicated that it intends to expand rapidly in Eastern Europe (Poland, Hungary, Bulgaria).

During the first half of the year, GreenYellow also **strengthened its positions in its traditional geographies** by supporting customers with their projects in both solar power and energy efficiency:

- In Africa, via the largest self-consumption solar power plant in Senegal (1.6 MWp) for a key player in the country's agrifood industry
- In Madagascar, through the extension of the country's largest solar power plant by 20 MWp to reach 40 MWp
- In France, with the start-up of the 4.7 MWp solar canopies in Magny-Cours and the partnership with Franprix, aimed at reducing the energy use of its refrigeration facilities (by 30%), as well as their carbon footprint
- In Asia, with the installation of photovoltaic systems at two sites for Thai particle board manufacturer Panel Plus Co., located in the suburbs of Bangkok and in the southern province of Songkhla
- In Colombia, with a "cold PPA" program in a building under construction for an international hotel group

Outlook for H2 2021: growth in EBITDA.

[1] Data published by the subsidiary.

[2] Data published by the subsidiary. Contribution to consolidated EBITDA: €48m (€43m in H1 2020).

[3] Data published by the subsidiary. Contribution to consolidated EBITDA: €28m (€34m in H1 2020).

— *RelevanC*

RelevanC continued to accelerate, **with growth in net sales of +32%** in the second quarter. During the quarter, RelevanC strengthened its positioning with:

- A partnership with Google Cloud and Accenture to step up the development and commercialisation of RelevanC solutions
- The allocation of Premier Partner status to RelevanC, and the integration of RelevanC solutions into the Google Cloud's B2B marketplace

Outlook for H2 2021: (i) further implementation of the partnership strategy and (ii) accelerated growth in France and internationally thanks to partners, notably Google Cloud and Accenture

— *Successful spin-off of Assaí's activities in Latin America*

The spin-off of Assaí's businesses was completed on 31 December 2020 and Assaí shares were admitted to trading on 1 March 2021. Assaí shares were distributed to GPA shareholders at a ratio of one Assaí share for each GPA share.

Each entity now operates autonomously and has direct access to the capital markets and different financing sources.

Casino's stake valuation in Latin America has doubled since the spin-off of Assaí was announced [1], rising from €1.1bn to €2.3bn.

— *Reinforcement of the Group's CSR commitments*

As well as being the top retailer in terms of CSR performance according to Vigeo Eiris [2], a subsidiary of Moody's, Casino Group maintained its AA rating from MSCI in June 2021.

Pursuing its climate action, the Group has committed to a 38% reduction in its greenhouse gas emissions by 2030 [3], stepping up the commitment made in 2018 of an 18% reduction between 2015 and 2025 [4], which was validated by the Science Based Targets initiative. The Group is taking action to reduce carbon emissions in all its geographies (Franprix/GreenYellow partnership to reduce the carbon footprint of refrigeration units, carbon-neutral refrigerant gases in Carulla FreshMarket stores in Colombia).

Cdiscount has now reached carbon-neutral status for its deliveries, by reducing emissions through 3D packaging and bulk loading and by capturing residual emissions.

With its strategy designed to promote responsible consumption, the Group recorded an increase in the share of organic products of +0.9 pt [4] in H1 and deployed new bulk concepts in partnership with national brands. Other initiatives carried out by the Group include the transition to virtual discount coupons for Casino banners since 2020, thanks to the Casino Max application, and to virtual receipts and vouchers in March 2021. At Cdiscount, the aim is to promote reusable packaging, which will be offered to all customers by end-2021. In addition, the Group has extended Monoprix's syndicated credit facility with an annual margin adjustment clause based on the achievement of CSR objectives (greenhouse gases, responsible label, vegetable protein products).

In addition, the Group continued to carry out solidarity actions during the first half of the year, making commitments to numerous charities including Secours Populaire with Franprix and Fondation des Femmes with Monoprix. Various food drives for students in financial difficulty were also organised at Casino banners during the period, in partnership with food banks. Lastly, the Group has decided to help revitalise rural areas by creating culture corners in Casino convenience stores, in partnership with Fondation Marc Ladreit de Lacharrière.

— *Asset disposal plan*

On 27 July 2021, the Group signed a partnership and an agreement with BNPP for the sale of Floa for €179m [5]. This partnership provides for a collaboration in the development of the fractional payment activity "Floa Pay". In this context, Casino Group will remain associated with the successful development of Floa's payment activity for 30% of the future created value [6].

In addition, the Group has secured and recorded in advance a €99m earn-out in relation to the Apollo and Fortress JVs [7].

The total amount from signed or secured disposals comes to €3.1bn.

The Group Casino is maintaining its target of €4.5bn in asset disposals in France.

[1] Announcement of the spin-off on 9 September 2020.

[2] A subsidiary of rating agency Moody's (Vigeo Eiris rating, December 2020).

[3] Scopes 1 and 2.

[4] In France.

[5] Including €129m relating to the sale of shares and an additional €50m notably linked to the renewal of commercial agreements between Cdiscount, Casino banners and Floa.

[6] By 2025.

[7] As part of the real estate disposals made in 2019.

— *Refinancing plan*

As announced, Casino Group has **improved the financial conditions and extended the maturity of its main syndicated credit facility from October 2023 to July 2026** [1] **for an amount of €1.8bn**.

To take into account the Group's improved financial position and GreenYellow's growth plan, the financial covenants have been eased. Consequently, as from 30 June 2021, the Group undertakes to comply on a quarterly basis with the following covenants, which replace the previous covenants, for the France Retail and E-commerce scope, excluding GreenYellow:

- a ratio of secured gross debt to EBITDA after lease payments of less than 3.5x;
  - **this covenant was comfortably complied with at 30 June 2021, with a ratio of 2.1x, with headroom of €359m on EBITDA**
- a ratio of EBITDA after lease payments to net finance costs of more than 2.5x;
  - **this covenant was comfortably complied with at 30 June 2021, with a ratio of 3.2x, with headroom of €199m on EBITDA**

In addition, Monoprix obtained an extension to January 2026 for its €130m syndicated credit facility, which includes a yearly margin adjustment clause based on the satisfaction of CSR objectives:

- Reduction in Scope 1 & 2 greenhouse gas emissions
- Proportion of net sales derived from products labelled "responsible"
- Net sales derived from vegetable protein products

Second-quarter 2021 net sales

In the second quarter of 2021, the Group recorded net sales of €7,334m, down -6.5% in total due to exchange rates and consolidation scope impacts accounting respectively for -3.0% and -2.2%. The calendar effect was -0.5%. **The Group's quarterly same-store** [2] **growth came to +6.0% over two years** (-4.1% in Q2 2021, after +10.4% in Q2 2020). France (including Cdiscount) recorded a -1.2% [2] variation in its same-store sales over two years (-8.4% year-on-year).

For France Retail, same-store sales growth came to -8.4% for the quarter, impacted by an unfavourable basis of comparison (+6.0% in Q2 2020). The formats hardest hit were those that benefited the most from the surge in sales associated with the first lockdown last year, including the convenience format (-11.2%) and Franprix (-12.5%).

The second quarter of 2021 was shaped by a tightening of health restrictions with a curfew that led to an early closure of autonomous stores, France's third lockdown which temporarily reduced the number of people in Paris, a temporary drop in tourism and the closure of sections selling "non-essential" goods, which affected Géant hypermarkets (-9.9%) and Monoprix stores (-4.9%).

Cdiscount [3] reported growth in gross merchandise volume (GMV) of +16% over two years (-6% year-on-year). **Marketplace GMV** grew by +30% over a two-year period (-7% year-on-year).

In **Latin America**, sales rose by **+5.5% on an organic basis for the quarter**. On a same-store basis, sales were up **+12.3% over a two-year period** (stable year-on-year). Second quarter sales growth in Latin America was again driven by the **excellent performance of Assaí** (up +9.2% [3] on a same-store basis and +22% [3] on an organic basis), reflecting the commercial format's continued attractiveness and the success of the expansion strategy.

First-half 2021 results

Consolidated net sales amounted to **€14,480m** in H1 2021, stable (-0.5%) on an organic basis [4] and down - 10.3% after taking into account the effects of exchange rates and hyperinflation for -7.2%, changes in scope for -2.2% and fuel for +0.4%.

On the **France Retail scope, net sales were down -7.3% on a same-store basis**. Including Cdiscount, same- store growth in France came to -6.3%.

E-commerce (Cdiscount) **gross merchandise volume** (GMV) came to nearly €2bn, a year-on-year increase of **+2.3%** [5] (+14% [5] over two years), led by the expansion of the marketplace.

Sales in **Latin America** were up by +6.9% on an organic basis [4], mainly supported by the very good performance in the **cash & carry segment (Assaí), which grew by +22%** [5] on an organic basis.

Consolidated EBITDA came to **€1,099m**, an increase of +3% including currency effects and +11.1% at constant exchange rates.

[1] May 2025 if Term Loan B, maturing in August 2025, is not repaid or refinanced at that date.

[2] Same-store change excluding fuel and calendar effects.

[3] Data published by the subsidiary.

[4] Excluding fuel and calendar effects.

[5] Data published by the subsidiary.

France EBITDA (including Cdiscount) amounted to €622m, including €573m on the France Retail scope and €48m for Cdiscount. France Retail banners EBITDA (France Retail excluding GreenYellow, property development and Vindémia) was up +9%. GreenYellow generated EBITDA of €28m [1] and property development operations delivered €3m.

France EBITDA margin (including Cdiscount) came to 8.0%, an increase of +105 bps.

In Latin America, EBITDA rose by +21.1% excluding currency effects and including tax credits [2] for €6m. EBITDA excluding tax credits [2] was up +19.8%.

Consolidated trading profit came to **€444m** (€438m excluding tax credits [2]), an increase of +11.4% including currency effects and +23.5% at constant exchange rates (+22% excluding tax credits).

In France (including Cdiscount), trading profit stood at €173m, including €166m on the France Retail scope and €7m for Cdiscount. France Retail banners trading profit (France Retail excluding GreenYellow, property development and Vindémia) grew by a strong +50%. Trading profit came to €19m for GreenYellow and to €2m for property development operations.

Trading margin in France (including Cdiscount) was up +39 bps at 2.2%, supported by an improvement from France Retail, which recorded a +45 bps increase in trading margin to 2.4%.

In Latin America, trading profit totalled €271m, an increase of +13.5% (+29.9% excluding tax credits and currency effects), driven by the continued strong sales momentum at Assaí, the transfer of sales to E-commerce and the repositioning of hypermarkets at Multivarejo, and the continued profitability and positive effect of real estate development at Éxito.

— *Underlying net financial expense and net profit, Group share* [3]

Underlying net financial expense for the period came to **-€398m (-€244m excluding interest expense on lease liabilities)** vs. -€404m in H1 2020 (-€239m excluding interest expense on lease liabilities). **In France Retail**, net financial expense includes, as for the refinancing of the Term Loan B of April 2021, (i) a non- recurring expense of €40m, mainly non-cash, and (ii) a **permanent reduction in financial expenses of €9m** over the full year. E-commerce net financial expense was virtually stable compared with 2020. **In Latin America, financial expense was down**.

Underlying net profit, Group share was up **+€23m** versus H1 2020.

Diluted underlying earnings per share [4] stood at -€1.00, vs. -€1.20 in H1 2020.

The Group recorded a **sharp improvement in other operating income and expenses of +€257m** (+€11m in H1 2021 vs. -€246m in H1 2020). In **France**, excluding the asset disposal plan and GreenYellow, **non-recurring expenses declined by 29%** (from -€107m in H1 2020 to -€76m in H1 2021). In Latin America, other operating income and expenses amounted to a net expense of -€34m in H1 2021 (vs. -€18m in H1 2020).

— *Consolidated net profit (loss), Group share*

Net profit (loss) from continuing operations, Group share improved by a sharp +€306m to -€35m, from-€340m in H1 2020.

Net profit (loss) from discontinued operations, Group share came out at -€170m in H1 2021, compared with -€162m in H1 2020.

Consolidated net profit (loss), Group share amounted to -€205m vs. -€502m in H1 2020.

— *Financial position at 30 June 2021*

Consolidated net debt excluding the effect of IFRS 5 was stable compared with 30 June 2020, at €6.3bn, reflecting stable net debt in both France and the Latam region. **Including the impact of IFRS 5, consolidated net debt came to €5.5bn** versus €4.8bn in H1 2020.

At 30 June 2021, **the Group's liquidity in France (including Cdiscount) was €2.6bn**, with €528m in cash and cash equivalents and €2bn in confirmed undrawn lines of credit, available at any time. The Group also has **€339m in a segregated account** for gross debt redemptions.

[1] Contribution to consolidated EBITDA. Data published by the subsidiary: EBITDA of €37m in H1 2021.

[2] Tax credits restated by subsidiaries in the calculation of adjusted EBITDA.

[3] See definition on page 15.

[4] Underlying diluted EPS includes the dilutive effect of TSSDI deeply-subordinated bond distributions.

GROUPE GO SPORT

On 10 March 2021, Rallye announced it had entered into exclusive negotiations with Financière Immobilière Bordelaise for the sale of the entire share capital of Groupe GO Sport for a price of €1 without any representation and warranties given by Rallye.

Completion of the sale, which has been approved by Groupe GO Sport's employee representative bodies and the relevant antitrust authorities, remains subject to the waiver by the Paris Commercial Court of the non-transferability of Groupe GO Sport shares and the agreement of Groupe GO Sport banks to maintain and amend their current outstanding loans.

In the context of restrictive measures related to the ongoing health crisis in 2021, on 28 June 2021, Groupe GO Sport obtained a second government-backed loan (under the so-called "PGE" programme) of €20m, bringing the total of government-backed loans obtained by Groupe GO Sport to secure its liquidity to €55m.

As part of the ongoing disposal process, Groupe GO Sport is classified under IFRS 5 and is no longer recorded in the Group's consolidated net sales.

RALLYE HOLDING COMPANY SCOPE

The Rallye holding company scope is defined as Rallye plus its subsidiaries with activity related to the investment portfolio.

Significant events of first-half 2021

— *Global offer on Rallye's unsecured debt as part of a modified Dutch auction process*

On 22 January 2021, Rallye launched a global tender offer for its unsecured debt (including bonds and commercial paper) as part of a modified Dutch auction process (the "Tender Offer").

Tender Offer

The purpose of the Tender Offer was to (i) provide holders of unsecured debt with the opportunity of having all or part of their claims repurchased at a price determined as part of a modified Dutch auction and (ii) improve Rallye's debt profile, in the context of the implementation of its Safeguard Plan approved on 28 February 2020 by the Paris Commercial Court. The Tender Offer, for a maximum amount of €75m, began on 22 January 2021 and expired on 5 February 2021.

Tender Offer financing

The proposed Tender Offer was financed by a new financing repayable in fine, consisting of a bond issue and a bank loan for a total of €82.4m (including the financing of the arrangement fee due to the lenders), for which Rallye had already obtained firm commitments from Marc Ladreit de Lacharrière and some banks.

This new financing, the terms and conditions of which are set out in the press release dated 22 January 2021, will have a four-year maturity from the signing of the agreements related to said financing, it being specified that drawdowns, subject to compliance with certain prior requirements, may be made until 30 June 2022 at the latest.

Determination of the purchase price and results of the global Tender Offer launched by Rallye on its unsecured debt

On 5 February 2021, after it was announced that the closing date of the Tender Offer would be postponed to 10 February 2021, Rallye set the purchase price under the Tender Offer at 20% of the amount of the claim (i.e., the maximum purchase price initially set by Rallye).

On 11 February 2021, Rallye announced the results of its Tender Offer.

Consequently, after fulfilment of the conditions precedent:

- Rallye acquired a total amount of unsecured debt of €195.4m for a total repurchase price of €39.1m, reducing the total amount of its net debt by €156.3m; and
- the total amount of unsecured debt purchased under the Tender Offer was allocated between various instruments according to the breakdown set out in the press release dated 4 May 2021.

Amendment to Rallye's safeguard plan

Completion of the Tender Offer was notably subject to (i) the approval by the Paris Commercial Court of the amendment to Rallye's safeguard plan in order to authorise the effective completion of the Tender Offer and the implementation of the new financing for the Tender Offer (see Rallye press release dated 22 January 2021) and (ii) the availability of the proceeds of the new financing.

After filing a request with the Paris Commercial Court on 12 February 2021 to amend the safeguard plan, on 4 May 2021, Rallye announced that the Paris Commercial Court had approved the amendment, thereby authorizing the global tender offer launched by Rallye on its unsecured debt on 22 January 2021 and the related financing plan. As a result, the settlement-delivery of the Tender Offer took place on 18 May 2021.

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 2021	31 Dec. 2020
Claims secured by pledges over Casino shares	1,211	1,194
Unsecured claims	1,491	1,658
Claims secured by pledges over shares of Rallye subsidiaries (other than Casino)	136	134
Total - claims under the safeguard plan	**2,838**	**2,986**
Financing set up following the approval of the safeguard plan	279	222
Total – gross debt	**3,117**	**3,208**
Cash and other financial assets	(25)	(34)
Total – net debt before IFRS restatements	**3,092**	**3,173**
IFRS restatements (including the impact of the approval of the safeguard plan)[1]	(296)	(334)
Total – net debt	**2,796**	**2,839**

Gross debt for the Rallye holding company scope stood at €3,117m at 30 June 2021, down €91m over the period, mainly as a result of:

- finance costs (non-IFRS) of €63m during first-half 2021, which will be paid in accordance with Rallye's safeguard plan approved by the Paris Commercial Court on 28 February 2020;
- the tender offer on Rallye's unsecured debt in an amount of €195.4m for a total repurchase price of €39.1m, reducing the total amount of its net debt by €156.3m.

Before IFRS restatements, net debt of the Rallye holding company scope stood at €3,092m at 30 June 2021, compared with €3,173m at 31 December 2020.

The change in net debt of the Rallye holding company scope in first-half 2021 breaks down as follows:

(€ millions)	30 June 2021	31 Dec. 2020
Net debt at beginning of period	**2,839**	**3,000**
Finance costs (non-IFRS)	63	127
Holding costs	12	38
Net impact of the tender offer on unsecured debt[2]	(113)	-
Other	(1)	6
Change in IFRS restatements (including the impact of the approval of the safeguard plan)	(4)	(333)
Net debt at end of period	**2,796**	**2,839**

After taking into account IFRS restatements for a negative €296m, net debt for the Rallye holding company scope stood at €2,796m at 30 June 2021.

[1] In 2020, Rallye 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 in an amount of €334m at 31 December 2020, recognised as a reduction of consolidated debt.

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.

[2] Excluding IFRS restatements (i.e., acceleration of liabilities to be amortised according to IFRS 9 on debt repurchases), the net impact of the tender offer on unsecured debt stood at €156m.

— *Safeguard plans*

In first-half 2021, Rallye and its parent companies Foncière Euris, Finatis and Euris paid the first annuity set out in their safeguard plans approved on 28 February 2020.

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

At 30 June 2021, the security interests granted to financial institutions and Fimalac are as follows:

- All Casino shares held by Rallye have been pledged (44 million shares) or transferred to fiduciary trusts for Fimalac (10.2 million shares) and financial institutions (2.5 million shares);
- 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 for financial institutions.

Shares held by Rallye in Casino

At 30 June 2021, Rallye a held direct and indirect stake in Casino of 52.31% of the share capital and 62.03% of the voting rights. It comprises 11.74% of the Casino share capital (representing 8.70% of the voting rights) held in fiduciary trusts for Fimalac and financial institutions.

Investment portfolio of the Rallye holding company scope

Rallye's investment portfolio was valued at €32m at 30 June 2021.

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

> *The comments in the Interim Financial Report reflect comparisons with first-half 2020 results from continuing operations.*
>
> *Leader Price, which was sold on 30 November 2020, is presented as a discontinued operation in 2020 and 2021. The gradual conversion of the stores sold to Aldi is expected to be completed by 30 September 2021. Similarly, Groupe GO Sport, for which the decision to sell was made at end-2019, is presented as a discontinued operation in 2020 and 2021.*
>
> *The financial statements for the first half of 2020 have been restated following the retrospective application of the IFRS IC decision on the determination of the lease term and the depreciation period for fixtures and fittings under IFRS 16* – Leases.

Results

First-half 2021 **net sales** amounted to €14,482m, compared with €16,141m in the first half of 2020 (restated).

Net sales consist almost exclusively of Casino's consolidated net sales, down 0.5% on an organic basis[1] and down 10.3% after taking into account the effects of exchange rates and hyperinflation for a negative 7.2%, changes in scope for a negative 2.2% and fuel for a positive 0.5%.

Casino Group **EBITDA** came to €1,099m, an increase of 3% including currency effects and 11.1% at constant exchange rates.

The Group's **recurring operating income** amounted to €438m. Casino Group trading profit amounted to €444m (€438m excluding tax credits), an increase of 11.4% including currency effects and 23.5% at constant exchange rates (22% excluding tax credits).

Other operating income and expenses amounted to net income of €10m versus a net expense of €245m in first-half 2020 (note 6.5 to the consolidated financial statements).

Cost of net debt represented a net expense of €280m versus net income of €132m in the prior-year period. In first-half 2020, this item included the positive impact of the application of IFRS 9 on Rallye's financial liabilities subject to the safeguard plan (note 9.3.1).

Other financial income and expenses represented a net expense of €63m versus a net expense of €289m in first-half 2020, an improvement of €226m. In addition to a €116m improvement at Casino, Rallye recorded financial income of €113m (net of IFRS restatements) following the tender offer on its unsecured debt carried out in first-half 2021.

[1] Excluding fuel and calendar effects

Net income from continued operations, Group share came out at €19m in first-half 2021 (versus €118m in first-half 2020).

The Group recorded a **net loss from discontinued operations, Group share** of €90m during the period (versus €78m in first-half 2020), mainly attributable to the transition relating to Leader Price.

The Group recorded a **consolidated net loss, Group share** in first-half 2021 of €71m (versus net income of €40m in first-half 2020).

The underlying loss, Group share corresponds to net income from continuing operations adjusted for the impact of other operating income and expenses and other impacts related to non-recurring items. In the first half of 2021, it totalled €117m (versus €138m in first-half 2020).

Cash flow

The Group's **net cash from operating activities before change in working capital and income tax** amounted to €939m in first-half 2021, an increase compared to first-half 2020 (€751m).

As a result of the above item and the change in working capital, net of income tax paid, **cash from operating activities** represented a net outflow of €152m, versus a net inflow of €45m in first-half 2020.

Net cash from investing activities in first-half 2021 represented a net outflow of €408m, mainly due to acquisitions of property, plant and equipment, versus a net outflow of €380m in first-half 2020.

The Group therefore generated negative **free cash flow** of €560m in the first half, versus a negative €335m in first-half 2020.

Net cash from financing activities represented a net outflow of €254m (versus a net outflow of €652m at in first-half 2020).

Net cash and cash equivalents decreased by €740m in the first half, amounting to €1,998m at 30 June 2021.

Financial structure

At 30 June 2021, the **total consolidated balance sheet** amounted to €32,154m, versus 31,894m at 31 December 2020, an increase of €260m for the period.

Consolidated equity amounted to €4,324m, of which a negative €855m attributable to the Group and €5,179m attributable to non-controlling interests and holders of deeply-subordinated perpetual Casino bonds.
The impact of foreign exchange on equity is positive for the period, representing a net amount of €122m, of which €223m recorded for the Brazilian real.

Net debt amounted to €8,276m, versus €6,751m at 31 December 2020 and €7,537m at 30 June 2020.

Contributions to the Group's consolidated net debt (note 9.2.1) are as follows:

(€ millions)	30 June 2021	31 Dec. 2020	Change
Rallye holding	2,796	2,839	(43)
Casino	5,482	3,914	1,568
Other companies	(2)	(2)	
Total	**8,276**	**6,751**	**1,525**

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 2020.

Rallye

Related-party transactions are described in Rallye's 2020 Universal Registration Document, which was filed with the French Financial Markets Authority (*Autorité des marches financiers* – AMF) on 22 April 2021, under number D.21-0339. 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 2021, Foncière Euris holds 57.9% of the share capital and 71.8% of the voting rights of Rallye.

In first-half 2021, 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. 22-10-13 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 22 January 2021, allowing Rallye to finance the tender offer at a discount for a portion of its secured debt under an initial tender offer, then under potential additional tender offers for a maximum principal amount of €18,133,334.
- In connection with the bond financing agreement and as security and collateral for of its payment and repayment obligations, Rallye entered into (i) a fiduciary-trust agreement with Fimalac, governed by French law, under which a fiduciary trust was created in which the 716,835 Casino shares held by Rallye were deposited, and (ii) a pledge agreement pursuant to which a first-rank financial instruments account has been set up, it being specified that 100 Casino shares were initially credited to the pledged financial instruments account, with a maximum of 9,680,245 Casino shares to be subsequently credited.

In accordance with Article L. 225-38 of the French Commercial Code, these agreements are subject to the approval of the Board of Directors, 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, Jean-Charles 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 executives, have remained comparable to those in 2020 and no unusual transactions, in nature or amount, occurred during the period.

More details on related-party transactions are provided in notes 3.3.2 and 12 to the interim consolidated financial statements.

DESCRIPTION OF KEY RISKS AND UNCERTAINTIES IN FIRST-HALF 2021

The Group's business activities are exposed to certain risk factors described in Rallye's 2020 Universal Registration Document, which is available on the Group's website and was filed with the AMF on 22 April 2021, under number D.21-0339.

With regard to risks relating to applications filed to contest the decision to approve Rallye's safeguard plan, the two third-party claims 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 were rejected by the Commercial Court on 9 December 2020 and the Court of Appeal on 25 May 2021. The decisions of the Court of Appeal may be appealed by the opposing party up until 7 September 2021.

OTHER INFORMATION

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

Trends and outlook

Casino Outlook for H2 2021 in France:

- **With very satisfactory levels of profitability in all formats, priority focus on growth via the expansion of the store base and acceleration in E-commerce:**
  - Opening of 400 convenience stores in H2 2021 (Franprix, Vival, Naturalia, etc.), bringing the total to 750 openings over the year
  - Acceleration of E-commerce based on structurally profitable models thanks to our exclusive partnerships (Ocado, Amazon) and the solutions deployed in stores
- **Ongoing development of Cdiscount, RelevanC and GreenYellow**
  - Casino Group continues its preparatory work to finance the accelerated growth of GreenYellow and Cdiscount
- **Growth in cash flow from continuing operations** [1]
  - Continued EBITDA growth
  - Sharp reduction in non-recurring expenses
  - Expansion on convenience and food E-commerce formats, which require low Capex

Recent events

— *Extended RCF maturity*

On 19 July 2021, Casino Group announced that it has extended the maturity and improved the financial conditions of its main syndicated credit line, originally set to mature in October 2023 (notes 2 and 9.6).

Monoprix's syndicated credit facility which expired in July 2021 was also renewed (note 9.6).

— *Sale-and-leaseback transaction at Sendas*

On 19 July 2021, Sendas entered into a sale-and-leaseback transaction with investment fund BRL Trust Distribuidora de Titulos e Valores Mobiliarios S.A. The purpose of the transaction is the sale, construction and leasing of five stores located in São Paulo, Rio de Janeiro and Rondônia.

This transaction includes the sale and leaseback of a store property and four plots of land on which construction will soon begin and represents a total price of this transaction is BRL 364m (i.e., €56m).

The transaction is subject to the waiver of the conditions precedent at 14 October 2021.

At 30 June 2021, the assets involved in this transaction were reclassified as "Assets held for sale" in accordance with IFRS 5 for an amount of BRL 147m (i.e., €25m).

— *Financing transactions at CBD*

On 20 July 2021, the Board of Directors of CBD approved the fifth issue of its *Notas Promissórias* (promissory notes) in two tranches, each for an amount of BRL 500m, totalling BRL 1,000m (€169m), maturing respectively on 30 July 2025 for the first tranche and on 30 July 2026 for the second.

— *Financing transactions at Sendas*

On 27 July 2021, the issue of *Certificados de Recebíveis Imobiliários* (CRI) for an amount of BRL 1,500m (i.e., €254m) and *Notas Promissórias* for an amount of BRL 2,500m (i.e., €423m), was approved. These issues have an average maturity of more than four years, and will serve to refinance issues maturing in 2022 to 2023.

The conclusion of the public offering is subject to full compliance with the conditions precedent set out in the documentation relating to the respective funding.

[1] France scope excluding GreenYellow for which development and transition to a company-owned asset model is ensured by its own resources.

— *Exclusivity agreement signed for the sale of Floa to BNP Paribas*

On 27 July 2021, Casino Group and Crédit Mutuel Alliance Fédérale announced (i) the signing of an exclusivity agreement for the sale of Floa to BNP Paribas and (ii) the setting up of a strategic partnership between BNP Paribas and Casino Group. The sale price amounts to €179m (€129m for the disposal of shares representing 50% of the capital of Floa, whose total equity amounted to €184m at 31 December 2020, and contingent consideration of €50m, notably related to the renewal of commercial agreements between Cdiscount, the Casino banners and Floa [Cdiscount will continue to operate its bank card payments business with the support of Floa and BNP Paribas]).

BNP Paribas will become the exclusive provider and distributor of consumer credit solutions, including split payment solutions for Casino Group customers through a business partnership set up with the Casino Supermarket, Géant and Cdiscount banners. The planned partnership will also lead to a collaborative venture between Casino Group and BNP Paribas to develop the Floa Pay split payment solution. Casino Group will remain invested in the successful development of the Floa payment business through a 30% stake in future created value (by 2025).

The transaction is still subject to consultation with the relevant employee representative bodies. It is expected to be completed in the coming quarters, subject to the necessary authorisations, in particular from France's competition authority and the European Central Bank (ECB).

Appendix 1: Alternative performance indicators

The definitions of key non-GAAP indicators are available on Rallye's website (http://www.rallye.fr/fr/investisseurs/obligations), particularly underlying net income (loss) (see below).

Underlying net income (loss) corresponds to net income (loss) 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 2020 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), the effects of discounting Brazilian tax liabilities, and notably the restatements and the impacts of IFRS 9 after the court approved Rallye's Safeguard Plan.

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

(€ millions)	H1 2021	Restated items	H1 2021 underlying	H1 2020 (restated)	Restated items	H1 2020 underlying (restated)
Recurring operating income	**438**		**438**	**387**		**387**
Other operating income and expenses	10	(10)		(245)	245	
Operating income	**448**	**(10)**	**438**	**142**	**245**	**387**
Cost of net debt[1]	(280)	(4)	(284)	132	(385)	(253)
Other financial income and expenses[2]	(63)	(113)	(176)	(289)	74	(215)
Income tax benefit (expense)[3]	(46)	(9)	(55)	15	(65)	(50)
Share of net income of equity-accounted investees	29		29	14		14
Net income (loss) from continuing operations	**88**	**(136)**	**(48)**	**14**	**(131)**	**(117)**
Attributable to non-controlling interests[4]	69		69	(104)	125	21
Attributable to owners of the parent	**19**	**(136)**	**(117)**	**118**	**(256)**	**(138)**

(1) *Cost of net debt has been restated, primarily for the impacts of applying IFRS 9 –* Financial Instruments *further to court approval of Rallye's Safeguard Plan.*

(2) *Other financial income and expenses for first-half 2021 have been restated, primarily to reflect the positive net impact of the tender offer on Rallye's unsecured debt.*

(3) *Income tax expense has been restated for the tax impact of the restated items listed above.*

(4) *Non-controlling interests have been restated for the amounts relating to the restated items listed above.*

RALLYE

*Condensed interim consolidated financial statements for the six months ended 30 June 2021**

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** The interim financial statements for the six months ended 30 June 2021 and 30 June 2020 have been reviewed by the Statutory Auditors.*

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

(€ millions)	*Notes*	First-half	
		2021	2020 (restated)[1]
Continuing operations			
Net sales	5/6.2	14,482	16,141
Other income	6.2	224	245
Total income		**14,706**	**16,386**
Cost of goods sold		(11,071)	(12,403)
Gross margin		**3,635**	**3,983**
Selling expenses	6.3	(2,533)	(2,928)
General and administrative expenses	6.3	(664)	(668)
Recurring operating income	**5.1**	**438**	**387**
Other operating income	6.5	248	233
Other operating expenses	6.5	(238)	(478)
Operating income		**448**	**142**
Income from cash and cash equivalents	9.3.1	8	9
Cost of gross debt	9.3.1	(288)	123
Cost of net debt	***9.3.1***	***(280)***	***132***
Other financial income	9.3.2	182	88
Other financial expenses	9.3.2	(245)	(377)
Income (loss) before tax		**105**	**(15)**
Income tax (expense) benefit	7	(46)	15
Share of net income of equity-accounted investees		29	14
Net income (loss) from continuing operations		**88**	**14**
Attributable to owners of the parent		*19*	*118*
Attributable to non-controlling interests		*69*	*(104)*
Discontinued operations			
Net income (loss) from discontinued operations	**3.2.2**	**(169)**	**(150)**
Attributable to owners of the parent	*3.2.2*	*(90)*	*(78)*
Attributable to non-controlling interests	*3.2.2*	*(79)*	*(72)*
Continuing and discontinued operations			
Consolidated net income (loss)		**(81)**	**(136)**
Attributable to owners of the parent		*(71)*	*40*
Attributable to non-controlling interests	*10.3*	*(10)*	*(176)*
Per share, in €:			
From continuing operations		0.36	2.25
From continuing and discontinued operations		(1.35)	0.76

(1) Previously published comparative information has been restated (note 1.3).

Consolidated statement of comprehensive income

(€ millions)	First-half	
	2021	2020 (restated)[1]
Consolidated net income (loss)	**(81)**	**(136)**
Items that may subsequently be reclassified to profit or loss	**138**	**(1,184)**
Cash flow hedges and cash flow hedge reserve[2]	20	(14)
Foreign currency translation reserves[3]	119	(1,148)
Debt instruments at fair value through other comprehensive income	(1)	
Hedges of net investments in foreign operations	2	
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	2	(26)
Income tax effects	(4)	4
Items that will never be reclassified to profit or loss	**(1)**	**(5)**
Equity instruments at fair value through other comprehensive income	2	(7)
Share of items of equity-accounted investees that will never be subsequently reclassified to profit or loss		
Actuarial gains and losses	(4)	3
Income tax effects	1	(1)
Other comprehensive income (loss), net of tax	**137**	**(1,189)**
Total comprehensive income (loss) for the period, net of tax	**56**	**(1,325)**
Attributable to owners of the parent	*(26)*	*(218)*
Attributable to non-controlling interests	*82*	*(1,107)*

(1) Previously published comparative information has been restated (note 1.3).

(2) The change in the cash flow hedge reserve was not material in either first-half 2021 or first-half 2020.

(3) The €119 million positive net translation adjustment in first-half 2021 arose mainly from the appreciation of the Brazilian real for €218 million, partially offset by the depreciation of the Colombian peso for €81 million. The €1,148 million negative net translation adjustment in first-half 2020 arose primarily from the depreciation of the Brazilian and Colombian currencies (a negative €839 million and a negative €259 million, respectively).

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

ASSETS

(€ millions)	*Notes*	30 June 2021	31 Dec. 2020
Non-current assets			
Goodwill	8	7,759	7,650
Intangible assets	8	2,126	2,061
Property, plant and equipment	8	4,459	4,281
Investment property	8	423	428
Right-of-use assets	8	4,863	4,889
Investments in equity-accounted investees		214	191
Other non-current assets		1,246	1,260
Deferred tax assets		1,111	1,035
Total non-current assets		**22,201**	**21,795**
Current assets			
Inventories		3,356	3,215
Trade receivables		860	941
Other current assets		1,970	1,774
Tax assets		202	167
Cash and cash equivalents	9.1	2,159	2,781
Assets held for sale	3.2.1	1,406	1,221
Total current assets		**9,953**	**10,099**
Total assets		**32,154**	**31,894**

Equity and liabilities

(€ millions)	*Notes*	30 June 2021	31 Dec. 2020
Equity			
Share capital	10.1	158	157
Additional paid-in capital, retained earnings and net income (loss)		(1,013)	(994)
Equity attributable to owners of the parent		***(855)***	***(837)***
Non-controlling interests	10.3	5,179	5,127
Total equity		**4,324**	**4,290**
Non-current liabilities			
Non-current provisions for employee benefits		349	352
Other non-current provisions	11.1	380	374
Non-current financial liabilities, gross	9.2.1	10,065	9,575
Non-current lease liabilities		4,261	4,282
Put options granted to owners of non-controlling interests		53	44
Other non-current liabilities		184	211
Deferred tax liabilities		540	508
Total non-current liabilities		**15,832**	**15,346**
Current liabilities			
Current provisions for employee benefits		12	12
Other current provisions	11.1	163	189
Trade payables		5,394	6,193
Current financial liabilities, gross	9.2.1	1,823	1,355
Current lease liabilities		706	706
Put options granted to owners of non-controlling interests		119	119
Current tax liabilities		64	98
Other current liabilities		3,174	3,085
Liabilities associated with assets held for sale	3.2.1	543	501
Total current liabilities		**11,998**	**12,258**
Total equity and liabilities		**32,154**	**31,894**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of cash flows

(€ millions)	*Notes*	First-half	
		2021	2020 (restated)[1]
Net cash from (used in) operating activities			
Net income (loss) before tax from continuing operations		105	(15)
Net income (loss) before tax from discontinued operations	3.2.2	(209)	(97)
Consolidated net income (loss) before tax		**(104)**	**(112)**
Depreciation/amortisation for the period	6.4	654	664
Provision and impairment expense	4.1	(81)	89
Unrealised losses (gains) arising from changes in fair value	9.3.2	(4)	72
Expenses (income) on share-based payment plans		9	7
Other income and expenses		(14)	(59)
(Gains) losses on disposals of non-current assets	4.4	(97)	(49)
(Gains) losses due to changes in percentage ownership of subsidiaries resulting in acquisition/ loss of control		11	20
Dividends received from equity-accounted investees		10	15
Cost of net debt	9.3.1	280	(132)
Interest paid on leases, net	9.3.2	154	165
Non-recourse factoring and associated transaction costs	9.3.2	23	32
Disposal gains and losses and adjustments related to discontinued operations		98	39
Net cash from operating activities before change in working capital and income tax		**939**	**751**
Income tax paid		(87)	(45)
Change in working capital	4.2	(908)	(765)
Income tax paid and change in working capital: discontinued operations		(96)	104
Net cash from (used in) operating activities	(A)	**(152)**	**45**
Of which continuing operations		***55***	***(1)***
Net cash from investing activities			
Acquisitions of property, plant and equipment, intangible assets and investment property	4.3	(499)	(447)
Disposals of property, plant and equipment, intangible assets and investment property	4.4	19	169
Acquisitions of financial assets	4.5	(3)	(472)
Disposals of financial assets	4.5	158	254
Effect of changes in scope of consolidation resulting in acquisition or loss of control	4.6	(9)	165
Effect of changes in scope of consolidation related to equity-accounted investees	4.7	(6)	(10)
Change in loans and advances granted		(15)	(22)
Net cash from (used in) investing activities of discontinued operations		(53)	(17)
Net cash from (used in) investing activities	(B)	**(408)**	**(380)**
Of which continuing operations		***(355)***	***(363)***

(€ millions)	Notes	First-half 2021	First-half 2020 (restated)[1]
Cash flow from financing activities			
Dividends paid:			
• to owners of the parent			
• to non-controlling interests		(77)	(33)
• to holders of deeply-subordinated perpetual bonds (TSSDI)		(32)	(33)
Capital reductions/increases for cash			
Transactions between the Group and owners of non-controlling interests	4.8	3	(21)
Purchases and sales of treasury shares			(1)
Acquisitions and disposals of financial investments			32
Increase in loans and borrowings	4.9	2,679	1,070
Repayments of loans and borrowings	4.9	(2,180)	(868)
Repayment of lease liabilities		(322)	(311)
Interest paid, net	4.10	(307)	(466)
Other repayments		(13)	(9)
Net cash from (used in) financing activities of discontinued operations		(5)	(12)
Net cash from (used in) financing activities	(C)	**(254)**	**(652)**
Of which continuing operations		***(249)***	***(640)***
Effect of changes in exchange rates on cash and cash equivalents:			
• continuing operations	(D)	74	(398)
• discontinued operations			
Change in cash and cash equivalents	(A+B+C+D)	**(740)**	**(1,385)**
Net cash and cash equivalents at beginning of period	**(E)**	**2,738**	**3,624**
Of which net cash and cash equivalents from:			
• continuing operations	9.1	2,712	3,544
• operations held for sale		26	80
Net cash and cash equivalents at end of period	**(F)**	**1,998**	**2,239**
Of which net cash and cash equivalents from:			
• continuing operations	9.1	1,967	2,140
• operations held for sale		31	99
Change in cash and cash equivalents	(F-E)	**(740)**	**(1,385)**

(1) Previously published comparative information has been restated (note 1.3).

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in equity

(€ millions)	Share capital	Additional paid-in capital	Retained earnings and profit for the period	Other reserves[1]	Equity attributable to owners of the parent	Non-controlling interests[2]	Total consolidated equity
Equity at 1 January 2020 (reported)	**157**	**1,483**	**(455)**	**(1,403)**	**(218)**	**6,469**	**6,251**
Other comprehensive income (loss) (restated)(*)				(258)	**(258)**	(931)	**(1,189)**
Net income (loss) for the period (restated)(*)			40		**40**	(176)	**(136)**
Total comprehensive income (loss) for the period (restated)(*)			***40***	***(258)***	***(218)***	***(1,107)***	***(1,325)***
Equity transactions							
Purchases and sales of treasury shares			(3)		**(3)**	2	**(1)**
Dividends paid/to be paid[3]						(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			8		**8**	(23)	**(15)**
Equity at 30 June 2020 (restated)	**157**	**1,483**	**(421)**	**(1,661)**	**(442)**	**5,331**	**4,889**
Equity at 1 January 2021	**157**	**1,483**	**(771)**	**(1,706)**	**(837)**	**5,127**	**4,290**
Other comprehensive income (loss) for the period				45	**45**	92	**137**
Net income (loss) for the period			(71)		**(71)**	(10)	**(81)**
Total comprehensive income (loss) for the period			***(71)***	***45***	***(26)***	***82***	***56***
Equity transactions	1		(1)				
Purchases and sales of treasury shares						(1)	**(1)**
Dividends paid/to be paid[3]						(22)	**(22)**
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			(6)		**(6)**	(4)	**(10)**
Other movements			14		**14**	(3)	**11**
Equity at 30 June 2021	**158**	**1,483**	**(835)**	**(1,661)**	**(855)**	**5,179**	**4,324**

(*) Previously published comparative information has been restated (note 1.3).

(1) See note 10.2 on the breakdown of other reserves.

(2) See note 10.3 on non-controlling interests.

(3) Dividends paid and payable to non-controlling interests during the period primarily concern Brazil for €13 million and Uruguay for €7 million (first-half 2020: Éxito for €11 million and Uruguay for €2 million).

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For the six months ended 30 June 2021

(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 for the six-months ended 30 June 2021 reflect the accounting situation of the Company and its subsidiaries, as well as the Group's interests in associates and joint ventures.

On 29 July 2021, the Board of Directors approved the publication of the consolidated financial statements of the Rallye Group for the six months ended 30 June 2021.

Note 1 • Significant accounting policies

1.1. Accounting standards

Pursuant to European Commission Regulation No. 1606/2002 of the European Parliament and the Council 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 2021.

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 2020, as reported in the Universal Registration Document filed with the AMF on 22 April 2021 under number D.21-0339.

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 2020.

The consolidated financial statements of the Rallye Group for the year ended 31 December 2020 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 2021

The accounting principles used to prepare the condensed consolidated financial statements for the six months ended 30 June 2021 are identical to those applied in the annual consolidated financial statements for the year ended 31 December 2020.

The phase II amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 – *Interest Rate Benchmark Reform* published on 27 August 2020 and mandatory for financial years beginning on or after 1 January 2021 were early adopted by the Group as of 1 January 2020.

These amendments address issues that might affect the financial statements when an existing interest rate benchmark is replaced with an alternative benchmark as part of an interest rate benchmark reform, and offer practical expedients for recognising changes in contractual cash flows.

IFRS IC agenda decision – *Attributing Benefit to Periods of Service (IAS 19* – Employee Benefits*)*

In April 2021, the IFRS IC published an agenda decision concerning the periods of service to which an entity attributes benefit for a defined benefit plan with the following characteristics:

- employees are entitled to a lump sum benefit payment when they reach a particular retirement age, provided they are employed by the entity when they reach that retirement age;
- the amount of the retirement benefit to which an employee is entitled depends on the length of employee service before the retirement age and is capped at a specified number of consecutive years of service.

In its decision, the IFRS IC specifies that when (i) employees are entitled to a retirement benefit only when they reach retirement age and (ii) the benefits are capped after a specified number of years of service (N), the retirement benefit is calculated using only the last years of employee service (N) immediately before retirement age.

Applying this agenda decision will reduce obligations for defined benefit plans under which benefits are capped at a specified number of consecutive years of service, and the fewer the years of service at which benefits are capped, the larger the reduction in the benefit obligation.

Since this decision was only recently published, the Group is in the process of identifying its collective agreements and specific pension plans so that it will be able to estimate the resulting accounting impacts.

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

1.2.1 Going concern

The consolidated financial statements for the six months ended 30 June 2021 have been prepared on a going concern basis.

The cash flow forecasts prepared for Rallye and its subsidiaries within the holding company scope for the next 12 months show a cash flow position in line with the estimated obligations resulting from the initiation of the safeguard proceedings. The forecasts factor in the following assumptions:

- stable recurring operating expenses for the next 12 months, in line with historical operating expenses;
- financial income assuming that no dividends will be paid by Casino over the next 12 months;
- no dividend to be paid by Rallye to its shareholders over the next 12 months.

On 28 February 2020, the Paris Commercial Court approved the Rallye safeguard plan. However, in the event of an adverse change in the assumptions used, or a failure by the Company to meet its obligations, the Company may not be able to realise its assets or settle its liabilities within the ordinary course of its operations.

The safeguard plan depends primarily on the ability of the main subsidiary, Casino, to pay sufficient dividends, the principle and amount of which depend on Casino's financial position, the implementation of its strategic plan and, in particular, its asset disposal plan. The payment of dividends will be determined by Casino's Annual General Meeting in keeping with the company's interests. Moreover, the safeguard plan requires Rallye to obtain refinancing in 2030, which will depend on market conditions at that time.

1.2.2. 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);
- measurement of non-current assets and goodwill (note 8);
- measurement of deferred tax assets;
- 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 application 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 consolidated income statement and consolidated statement of cash flows published at 30 June 2020 of the retrospective application of the IFRS IC agenda decision on the enforceable period of a lease and the useful life of non-removable leasehold improvements under IFRS 16 – *Leases* (see note 1.3.2 to the consolidated financial statements for the year ended 31 December 2020).

Impact on the main consolidated income statement indicators in first-half 2020

(€ millions)	H1 2020 (reported)	Impact of the IFRS IC decision	H1 2020 (restated)
Net sales	16,141		16,141
Other income	245		245
Total income	**16,386**		**16,386**
Cost of goods sold	(12,404)	1	(12,403)
Selling expenses	(2,939)	11	(2,928)
General and administrative expenses	(668)		(668)
Recurring operating income	**375**	**12** (1)	**387**
Operating income	**127**	**15**	**142**
Cost of net debt	132		132
Other financial income and expenses	(263)	(26) (2)	(289)
Income (loss) before tax	**(4)**	**(11)**	**(15)**
Income tax (expense) benefit	12	3	15
Share of net income of equity-accounted investees	14		14
Net income (loss) from continuing operations	**22**	**(8)**	**14**
Net income (loss) from discontinued operations	(150)		(150)
Consolidated net income (loss)	**(128)**	**(8)**	**(136)**
Attributable to owners of the parent	*43*	*(3)*	*40*
Attributable to non-controlling interests	*(171)*	*(5)*	*(176)*

(1) Of which €6 million relating to the France Retail segment and €7 million to the Latam Retail segment.

(2) Of which a negative €15 million relating to the French Retail segment and a negative €11 million to the Latam Retail segment.

Impact on the main consolidated statement of cash flow indicators in first-half 2020

(€ millions)	H1 2020 (reported)	Impact of the IFRS IC decision	H1 2020 (restated)
Net cash from operating activities	**48**	**(3)**	**45**
Of which consolidated net income (loss) before tax	*(100)*	*(12)*	*(112)*
Of which other components of cash flow	*854*	*9*	*863*
Of which change in operating working capital and income tax paid	*(810)*		*(810)*
Of which income tax paid and change in operating working capital: discontinued operations	*104*		*104*
Net cash from (used in) investing activities	**(380)**		**(380)**
Net cash from (used in) financing activities	**(655)**	**3**	**(652)**
Of which repayments of lease liabilities	*(340)*	*29*	*(311)*
Of which interest paid, net	*(439)*	*(27)*	*(466)*
Of which cash from (used in) discontinued operations	*(12)*		*(12)*
Effect of changes in exchange rates on cash and cash equivalents	(398)		(398)
Change in cash and cash equivalents	**(1,385)**		**(1,385)**
Net cash and cash equivalents at beginning of period	*3,624*		*3,624*
Net cash and cash equivalents at end of period	*2,239*		*2,239*

Note 2 • Significant events of the period

Significant events during the period are the following:

2.1. Rallye

— *Global offer on Rallye's unsecured debt as part of a modified Dutch auction process*

On 22 January 2021, Rallye launched a global tender offer for its unsecured debt (including bonds and commercial paper) as part of a modified Dutch auction process (the "Tender Offer").

Tender Offer

The purpose of the Tender Offer is to (i) provide holders of unsecured debt with the opportunity of having all or part of their claims repurchased at a price determined as part of a modified Dutch auction and (ii) improve Rallye's debt profile, in the context of the implementation of its Safeguard Plan approved on 28 February 2020 by the Paris Commercial Court. The Tender Offer, for a maximum amount of €75 million, began on 22 January 2021 and expired on 5 February 2021.

Tender Offer financing

The proposed Tender Offer was financed by a new financing repayable in fine, consisting of a bond issue and a bank loan for a total of €82.4m (including the financing of the arrangement fee due to the lenders), for which Rallye had already obtained firm commitments from Marc Ladreit de Lacharrière and some banks.

This new financing, the terms and conditions of which are set out in the press release dated 22 January 2021, will have a four-year maturity from the signing of the agreements related to said financing, it being specified that drawdowns, subject to compliance with certain prior requirements, may be made until 30 June 2022 at the latest.

Determination of the purchase price and results of the global Tender Offer launched by Rallye on its unsecured debt

On 5 February 2021, after it was announced that the closing date of the Tender Offer would be postponed to 10 February 2021, Rallye set the purchase price under the Tender Offer at 20% of the amount of the claim (i.e., the maximum purchase price initially set by Rallye).

On 11 February 2021, Rallye announced the results of its Tender Offer.

Consequently, after fulfilment of the conditions precedent:

- Rallye acquired a total amount of unsecured debt of €195.4m for a total repurchase price of €39.1m, reducing the total amount of its net debt by €156.3m; and
- the total amount of unsecured debt purchased under the Tender Offer was allocated between various instruments according to the breakdown set out in the press release dated 4 May 2021.

Amendment to Rallye's safeguard plan

Completion of the Tender Offer was notably subject to (i) the approval by the Paris Commercial Court of the amendment to Rallye's safeguard plan in order to authorise the effective completion of the Tender Offer and the implementation of the new financing for the Tender Offer (see Rallye press release dated 22 January 2021) and (ii) the availability of the proceeds of the new financing.

After filing a request with the Paris Commercial Court on 12 February 2021 to amend the safeguard plan, on 4 May 2021, Rallye announced that the Paris Commercial Court had approved the amendment, thereby authorizing the global tender offer launched by Rallye on its unsecured debt on 22 January 2021 and the related financing plan. As a result, the settlement-delivery of the Tender Offer took place on 18 May 2021.

— *Announcement of Rallye's entry into exclusive negotiations with Financière Immobilière Bordelaise for the sale of Groupe GO Sport*

On 10 March 2021, Rallye announced it had entered into exclusive negotiations with Financière Immobilière Bordelaise for the sale of the entire share capital of Groupe GO Sport for a price of €1 without any representation and warranties given by Rallye.

Completion of the sale, which has been approved by Groupe GO Sport's employee representative bodies and the relevant antitrust authorities, remains subject to the waiver by the Paris Commercial Court of the non-transferability of Groupe GO Sport shares and the agreement of Groupe GO Sport banks to maintain and amend their current outstanding loans.

As part of the ongoing disposal process, Groupe GO Sport is classified under IFRS 5 and is no longer recorded in the Group's consolidated net sales.

2.2. Casino Group

— *Impact of the Covid-19 global pandemic*

The impact of the Covid-19 crisis is having a lasting effect across the globe, and uncertainties remain as to how the pandemic will evolve going forward. The impacts for Casino Group in first-half 2021 were similar to those observed in second-half 2020 from both an operating and a financial perspective. These varying impacts are set out in note 2 to the 2020 consolidated financial statements.

— *Disposal plan for non-strategic assets*

In mid-2018, Casino Group initiated a plan to dispose of certain non-strategic assets, under which a total of €2.8 billion in assets had been sold at 31 December 2020. The Group continued with its plan in 2021, reaching an agreement for the sale of Floa on 27 July 2021 (note 13) and recognising contingent consideration in connection with the sale-and-leaseback transactions carried out in 2019 (note 6.5). As a result, Casino Group had sold a total of €3.1 billion in non-strategic assets out of an announced €4.5 billion disposal plan.

— *Assaí listing in Brazil*

On 19 February 2021, GPA announced that it had received (i) on 10 February 2021, approval to list the shares issued by Sendas Distribuidora SA (Assaí) on the Novo Mercado segment of the B3 SA – Brasil, Bolsa, Balcão, and (ii) on 12 February 2021, approval to list the American Depositary Securities (ADSs) of Assaí on the New York Stock Exchange. These operations are part of the transactions announced at the end of 2020 to restructure and spin off certain GPA assets. Assaí shares were distributed to GPA shareholders at a ratio of one Assaí share for each GPA share. The trading of Assaí shares and ADSs began on 1 March 2021.

Following the listing, Casino Group – which holds a 41.2% stake in GPA and an identical stake in Assaí – continues to exercise *de facto* control of these two companies. Fees relating to these transactions were recognised within "Other operating expenses" for €19 million (see note 6.5).

— *Operations carried out to strengthen Casino Group's financial structure*

In first-half 2021, Casino Group continued to strengthen its financial structure through two operations:

- a new €1 billion term loan ("Term Loan B") maturing in August 2025, issued at a price representing 99.75% of the nominal amount. The loan bears interest at Euribor + 4.0% and the collateral posted is the same as for the existing term loan;
- a new €525 million unsecured debt issue, maturing in April 2027 and with a +5.25% coupon.

The funds raised from these instruments were used to repay ahead of term the existing €1.225 billion term loan ("Term Loan B") maturing in January 2024 and bearing interest at Euribor + 5.5%. This early repayment was made at 101% of the nominal amount, representing a repayment premium of €12 million.

The repayment was treated as a settlement of a financial liability. The resulting accounting impacts were (i) derecognition of the initial Term Loan B and (ii) recognition of the new Term Loan B. The difference between the repayment price of the initial Term Loan B (€1,237 million) and its carrying amount at the repayment date was immediately expensed within "Net finance costs" for €43 million. The corresponding fees for this operation amounted to €10 million.

On 19 July 2021, Casino Group also announced that it had extended the maturity of its syndicated credit facility ("RCF") and improved its financial conditions (note 9.6). The amendment to the loan documentation effective 22 July 2021 provides for:

- the extension of the maturity of the facility from October 2023 to July 2026 (May 2025 if the Term Loan B maturing in August 2025 is not repaid or refinanced at that date) for an amount of €1.8 billion;
- a review of the financial covenants, in line with the improvement in the Group's financial position and GreenYellow's growth plan (see below). Consequently, as from 30 June 2021, Casino Group has undertaken to comply on a quarterly basis with the following covenants, which supersede the previous covenants, for the France Retail and E-commerce scope, excluding GreenYellow:
  - a ratio of secured gross debt to EBITDA (after lease payments) not in excess of 3.5x;
  - a ratio of EBITDA (after lease payments) to net finance costs not less than 2.5x.

The security interests and collateral initially granted to the lenders remain unchanged. The dividend restrictions provided for in the financing raised since November 2019 (see note 11.5.4 to the Group's 2020 consolidated financial statements) remain unchanged. Outstanding fees relating to the amended RCF will be amortized on a yield-to-maturity basis over the residual term of the amended facility.

Lastly, Monoprix's syndicated credit facility which expired in July 2021 was also renewed after the reporting date. The new €130 million syndicated facility matures in January 2026 and has a yearly margin adjustment clause based on the achievement of CSR targets.

As a result of these two operations, the amount of Casino Group's undrawn lines of credit available at any time in the France Retail segment stands at €2.2 billion, with an average maturity of 4.6 years (versus 2.2 years prior to the operations).

— *End of the purchasing agreement with Auchan Retail, Dia, Metro and the Schiever group*

The groups jointly decided not to renew their cooperation agreement for the 2022 purchasing negotiations. All commitments undertaken with suppliers and partners within the scope of finalized negotiations involving the "Horizon Achats et Appels d'offres" and Horizon International Services organisations will be met through to the end of 2021. The end of this cooperation has no material accounting impact.

— *Partnership with Intermarché in purchasing for leading brand products and in digital*

On 15 April, Intermarché and Casino Group announced that they had forged a five-year partnership covering three distinct areas:

- purchasing, with the creation of (i) a centralised purchasing unit for food, to be managed by Intermarché, (ii) a centralised purchasing unit in the non-food sector to be managed by Casino Group, and (iii) a joint international organisation to sell international services to large industrial groups operating in their territories (Europe and Latin America);
- development of digital services in marketing and advertising services, with the creation of a joint venture to market a Retail Media offering to food producers and their agents in France;
- the food industry, with a cooperation agreement.

These agreements will be effective for 2022 purchasing negotiations, after being submitted to the competent regulatory authorities.

— *Potential market operations being studied for Cdiscount and GreenYellow subsidiaries*

On 12 April 2021, Casino Group announced that it had actively launched a preliminary review of potential additional capital raising for GreenYellow and Cdiscount. The capital raising could take the form of (i) market operations and (ii) secondary placements of shares held by the Group, with Casino nevertheless retaining the control of these strategic subsidiaries.

On 14 May 2021, GreenYellow subsequently announced that it had decided with its shareholders to explore the possibility of an IPO on Euronext Paris, subject to market conditions and regulatory approvals. The transaction would chiefly consist of a capital increase. Casino Group would remain as GreenYellow's majority shareholder.

Lastly, on 1 June 2021, Cnova announced that it was considering a private placement of new shares for approximately €300 million before the end of the year. Certain existing shareholders could also sell a portion of their shares to increase the free float.

Note 3 • Scope of consolidation

3.1. Transactions affecting the scope of consolidation

There were no material transactions affecting the scope of consolidation during the period.

Supermercados Disco del Uruguay SA is controlled by way of a shareholder agreement signed in April 2015, giving Éxito 75% of the voting rights it needs in order to exercise control. This agreement expired on 1 July 2021. At the reporting date, there were no changes in control of this company. Business continues as usual and the Group is in the process of considering its next steps together with the shareholders, along with any associated impacts.

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 2021		31 Dec. 2020	
		Assets	Liabilities	Assets	Liabilities
Other France Retail[1]		998	201	913	210
Other[2]		408	342	308	291
Total		**1,406**	**543**	**1,221**	**501**
Net assets		863		720	
Of which attributable to owners of the parent of the selling subsidiary	9.2.1	*862*		*720*	

(1) At 30 June 2021 and 31 December 2020, this line corresponds mainly to stores, property assets and the shareholding in Floa in connection with asset disposal plans and plans to optimise the store base.

(2) At 30 June 2021 and 31 December 2020, this item primarily includes the operations of Groupe GO Sport.

3.2.2. Discontinued operations

In first-half 2021, the net loss from discontinued operations mainly reflects (i) commitments agreed with Aldi France in connection with the gradual conversion of the Leader Price stores sold, and (ii) upstream and logistics activities along with the Leader Price head office, which were to a large extent involved in the supply of these stores. In first-half 2020, the loss from discontinued operations mainly reflected the contribution of Leader Price to the Group's earnings prior to its sale on 30 November 2020.

Net income (loss) from discontinued operations can be analysed as follows:

(€ millions)	First-half	
	2021	2020
Net sales	408	1,002
Net expenses[1]	(617)	(1,099)
Net income (loss) before tax from discontinued operations	**(209)**	**(97)**
Income tax (expense) benefit	41	(14)
Share of net income (loss) of equity-accounted investees	(1)	(39)
Net income (loss) from discontinued operations	**(169)**	**(150)**
Attributable to owners of the parent	*(90)*	*(78)*
Attributable to non-controlling interests	*(79)*	*(72)*

(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 277 million, or €47 million (note 11.3).

3.3. Investments in equity-accounted investees

3.3.1. Share of contingent liabilities of equity-accounted investees

At 30 June 2021 and 31 December 2020, 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)	2021		2020	
	Associates	Joint ventures	Associates	Joint ventures
Closing balance at 30 June 2021 and 31 December 2020				
Loans	97	16	60	7
o/w impairment	*(2)*		*(2)*	
Receivables	24	28	37	24
o/w impairment		*(1)*		*(1)*
Payables	123[1]	227[3]	178[1]	143
First-half transactions				
Expenses	4[2]	411[3]	4[2]	373[3]
Income	80[4]	23	110[4]	29

(1) Including lease liabilities in favour of Mercialys for property assets amounting to €117 million at 30 June 2021, of which €30 million due within one year (31 December 2020: €150 million, of which €32 million due within one year).

(2) Following the application of IFRS 16, the above amounts do not include the lease payments associated with the 52 leases signed with Mercialys. These payments represented €20 million in first-half 2021 (first-half 2020: 63 leases for €25 million).

(3) Including €395 million in fuel purchases from Distridyn in first-half 2021 (first-half 2020: €355 million). At 30 June 2021, Casino Group had a current account with Distridyn for €30 million.

(4) Income of €80 million in first-half 2021 (first-half 2020: €110 million) also includes sales of goods by Franprix and Distribution Casino France to master-franchisees accounted for by the equity method, for €48 million (first-half 2020: €54 million). The income figure also includes proceeds from property development transactions with Mercialys reported under "Other income" for €3 million, including an EBITDA impact of €2 million in first-half 2021 (first half of 2020: €18 million reported under "Other income" including an EBITDA impact €11 million.

Note 4 • Additional cash flow disclosures

4.1. Reconciliation of provision expense

(€ millions)	*Notes*	First-half 2021	First-half 2020 (restated)
Goodwill impairment	8		(15)
Impairment of intangible assets		(1)	(7)
Impairment of property, plant and equipment		(15)	(18)
Impairment of investment property			
Impairment of right-of-use assets		(13)	(6)
Impairment of other assets		58	(49)
Net (additions to) reversals of provisions for risks and charges	11.1	51	6
Total provisions		**80**	**(89)**
Provisions reported under "Net income (loss) from discontinued operations"		1	
Provision expense adjustment in the statement of cash flows		**81**	**(89)**

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

(€ millions)	1 January 2021	Cash flows from operating activities	Other cash flows	Cash flows from operating activities, discontinued operations	Other cash flows from discontinued operations	Changes in scope of consolidation	Effect of movements in exchange rates	Reclassifications and other	30 June 2021
Goods inventories	(3,062)	(85)		6		(3)	(65)	3	**(3,206)**
Property development work in progress	(153)	10				(1)	1	(7)	**(150)**
Trade payables	6,194	(656)		(145)		(4)	47	(42)	**5,394**
Trade and other receivables	(941)	41		18		6	(2)	18	**(860)**
Other (receivables) payables	263	(218)	93	24	(58)	103	(63)	(2)	**142**
Total	**2,301**	**(908)**	**93**	**(97)**	**(58)**	**101**	**(82)**	**(30)**	**1,320**

(€ millions)	1 January 2021	Cash flows from operating activities	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	Reclassifications and other	30 June 2020
Goods inventories	(3,486)	(63)		(6)	419	15	**(3,121)**
Property development work in progress	(296)	(4)		15	27		**(258)**
Trade payables	6,602	(868)		(2)	(606)	(20)	**5,106**
Trade and other receivables	(836)	(31)		(2)	33	29	**(807)**
Other (receivables) payables	160	201	(258) (1)	(46)	125	28	**211**
Total	**2,144**	**(765)**	**(258)**	**(41)**	**(2)**	**52**	**1,131**

(1) Including €248 million paid on unwinding the total return swap (TRS) on GPA shares (note 4.5).

4.3. Reconciliation of acquisitions of non-current assets

(€ millions)	First-half	
	2021	2020
Additions to and acquisitions of intangible assets	(118)	(102)
Additions to and acquisitions of property, plant and equipment	(371)	(357)
Additions to and acquisitions of investment property	(14)	(2)
Additions to and acquisitions of lease premiums included in right-of-use assets	(2)	(1)
Change in amounts due to suppliers of non-current assets	4	14
Neutralisation of capitalised borrowing costs (IAS 23)[1]	2	1
Effect of discontinued operations		
Cash used in acquisitions of intangible assets, property, plant and equipment and investment property	**(499)**	**(447)**

(1) Non-cash movements.

4.4. Reconciliation of disposals of non-current assets

(€ millions)	First-half	
	2021	2020
Derecognition of intangible assets	1	1
Derecognition of property, plant and equipment	17	18
Derecognition of investment property		
Disposals of lease premiums included in right-of-use assets	1	2
Gains on disposals of non-current assets[1]	98	66
Change in receivables related to non-current assets	(99)	2
Reclassification of non-current assets as "Assets held for sale" (IFRS 5)	1	80
Effect of discontinued operations		
Cash from disposals of intangible assets, property, plant and equipment and investment property	**19**	**169**

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

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

In first-half 2021, cash inflows and outflows related to financial assets represented €158 million and €3 million, respectively, and mainly reflect the use of €148 million from the segregated account to redeem the 2021 and 2022 bond issues.

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 and (ii) the allocation of €186 million collected on the disposal of Vindémia to the segregated account.
- Cash inflows related to acquisitions of financial assets amounted to €254 million and mainly reflect the use €193 million from the segregated account to redeem the residual bond debt maturing in 2020.

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

(€ millions)	First-half	
	2021	2020
Amount paid for acquisitions of subsidiaries	(6)	(3)
Cash (bank overdrafts) acquired		(1)
Proceeds from disposals of subsidiaries	(3)	212
(Cash) bank overdrafts sold		(43)
Effect of changes in scope of consolidation resulting in acquisition or loss of control	**(9)**	**165**

In first-half 2020, the net impact of these transactions on the Group's cash and cash equivalents was mainly due to the loss of control of Vindémia.

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

(€ millions)	First-half	
	2021	2020
Amount paid for the acquisition of shares in equity-accounted investees	(7)	(8)
Amount received from the sale of shares in equity-accounted investees	1	(2)
Effect of changes in scope of consolidation related to equity-accounted investees	**(6)**	**(10)**

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

(€ millions)	First-half	
	2021	2020
GPA – costs related to the acquisition of 41.27% of Éxito shares in 2019		(22)
GPA – exercise of stock options	4	
Other	(1)	1
Effect on cash and cash equivalents of transactions with non-controlling interests	**3**	**(21)**

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

(€ millions)	*Notes*	First-half	
		2021	2020 (restated)
Change in cash and cash equivalents		**(740)**	**(1,385)**
Increase in loans and borrowings[1]		(2,679)	(1,070)
Repayments of loans and borrowings[1]		2,180	868
Allocation to (use of) segregated account	4.5	(148)	(7)
Outflows (inflows) of financial assets		(1)	(1)
Non-cash changes in debt[1]		72	450
Change in net assets held for sale attributable to owners of the parent		*138*	*62*
Change in other financial assets		*94*	*(39)*
Effect of changes in scope of consolidation		*(16)*	*20*
Change in fair value hedges		*9*	*5*
Accrued interest		*(84)*	*5*
Impact of the safeguard plan for the Rallye scope		*(38)*	*385*
Other		*(31)*	*12*
Effect of movements in exchange rates[1]		(201)	813
Change in loans and borrowings of discontinued operations		(8)	(149)
Change in net debt		**(1,525)**	**(481)**
Net debt at beginning of period	9.2.1	6,751	7,056
Net debt at end of period	9.2.1	8,276	7,537

(1) These impacts relate exclusively to continuing operations.

4.10. Reconciliation of net interest paid

(€ millions)	*Notes*	First-half	
		2021	2020 (restated)
Cost of net debt reported in the income statement	9.3.1	**(280)**	**132**
Neutralisation of unrealised exchange gains/losses		9	1
Neutralisation of amortisation of debt issuance/redemption costs and premiums		49	23
Impact of the safeguard plan for the Rallye scope		38	(385)
Capitalised borrowing costs		(2)	(1)
Change in accrued interest and fair value hedges of borrowings		54	(40)
Interest on lease liabilities		(152)	(164)
Non-recourse factoring and associated transaction costs	9.3.2	(23)	(32)
Interest paid, net as presented in the statement of cash flows		**(307)**	**(466)**

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 2021
		France Retail	Latam Retail	E-commerce		
External net sales	5.2	6,863	6,670	947	2	**14,482**
EBITDA[1]		573 [2]	477 [3]	48	(6)	**1,092**
Net depreciation and amortisation expense	6.3/6.4	(407)	(205)	(42)		**(654)**
Recurring operating income (loss)		166 [2]	271 [3]	7	(6)	**438**

(1) EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring depreciation and amortisation expense.

(2) Of which €3 million in respect of property deals carried out in France, corresponding in 2021 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).

(3) In May 2021, a new ruling by the Brazilian federal supreme court (STF) upheld the decisions in favour of the taxpayers that had been handed down in 2017 in relation to the exclusion of ICMS from the PIS/COFINS tax base. Based on this ruling, in the first half of 2021 Sendas recognised a BRL 62 million (€10 million) tax credit, of which BRL 40 million (€6 million) was recognised in sales and BRL 22 (€3 million) in other financial income (note 9.3.2), representing the amount which could be reliably estimated. In first-half 2021, CBD also revalued the tax credits recognised in 2020 and, as a result, recognised an additional BRL 195 (€30 million), of which BRL 106 million (€16 million) in sales and BRL 89 million (€14 million) in other financial income (note 9.3.2).

(€ millions)	*Notes*	Food and general retailing			Holdings and other activities	First-half 2020 (restated)
		France Retail	Latam Retail	E-commerce		
External net sales	5.2	7,791	7,401	948	1	**16,141**
EBITDA[1]		561 [2]	459	43	(12)	**1,051**
Net depreciation and amortisation expense	6.3/6.4	(408)	(219)	(37)		**(664)**
Recurring operating income (loss)		154 [2]	239	6	(12)	**387**

(1) EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring 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 3.3.2).

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	
2021						
External net sales for first-half 2021	7,799	6,670	12	2		**14,482**
Non-current assets at 30 June 2021[1]	11,366	8,404	83	3		**19,856**
2020						
External net sales for first-half 2020	8,738	7,393	10	1		**16,141**
Non-current assets at 31 December 2020[1]	11,553	7,898	56	3		**19,510**

(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 2020 represented 51% of full-year 2020, or 49% based on the average 2020 exchange rate), but are more significant in terms of recurring operating income (28% based on the average exchange rate for first-half 2020 and 27% at the average exchange rate for full-year 2020). The seasonality observed in 2020 was affected by the health crisis. In 2021, seasonal trends should get back to normal, with sales in the first half of the year expected to represent around 49% of annual sales, and recurring operating income around 35% to 40%.

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 2021
	France Retail	Latam Retail	E-commerce		
Net sales	6,863	6,670	947	2	**14,482**
Other income	135	88		1	**224**
Total income	**6,998**	**6,758**	**947**	**3**	**14,706**

(€ 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			**245**
Total income	**7,963**	**7,474**	**948**	**1**	**16,386**

6.3. Expenses by nature and function

(€ millions)	*Notes*	Logistics costs[1]	Selling expenses	General and administrative expenses	First-half 2021 total
Employee benefits expense		(245)	(1,077)	(352)	**(1,674)**
Other expenses		(360)	(982)	(202)	**(1,544)**
Depreciation/amortisation	5.1/6.4	(70)	(474)	(110)	**(654)**
Total		**(675)**	**(2,533)**	**(664)**	**(3,872)**

(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 2020 total (restated)
Employee benefits expense		(261)	(1,339)	(378)	**(1,978)**
Other expenses		(392)	(1,095)	(190)	**(1,677)**
Depreciation/amortisation	5.1/6.4	(70)	(494)	(100)	**(664)**
Total		**(723)**	**(2,928)**	**(668)**	**(4,319)**

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

6.4. Depreciation and amortisation

(€ millions)	*Notes*	First-half 2021	First-half 2020 (restated)
Amortisation of intangible assets		(106)	(92)
Depreciation of property, plant and equipment		(214)	(228)
Depreciation of investment property		(7)	(6)
Depreciation of right-of-use assets		(327)	(338)
Total depreciation and amortisation		**(654)**	**(664)**
Depreciation and amortisation reported under "Net income (loss) from discontinued operations"			
Depreciation and amortisation expense of continuing operations	**5.1/6.3**	**(654)**	**(664)**

6.5. Other operating income and expenses

(€ millions)	First-half 2021	First-half 2020 (restated)
Total other operating income	248	233
Total other operating expenses	(238)	(478)
Total other operating income (expense), net	**10**	**(245)**
Breakdown by type		
Gains and losses on disposal of non-current assets[(1)(6)]	102	45
Net impairment (losses) reversals on assets[(2)(6)]	38	(70)
Net income (expense) related to changes in scope of consolidation[(3)(6)]	(33)	(74)
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	**107**	**(99)**
Restructuring provisions and expenses[(3)(4)(6)]	(65)	(110)
Provisions and expenses for litigation and risks[(5)]	(12)	(30)
Other	(20)	(6)
Other operating income and expenses	**(97)**	**(146)**
Total other operating income (expense), net	**10**	**(245)**

(1) The net gain on disposal of non-current assets in first-half 2021 primarily concerns the France Retail segment, with the recognition of contingent consideration deemed highly probable relating to the sale-and-leaseback transactions carried out in 2019 with the funds managed by Fortress and Apollo Global Management (note 9.2.2). Net gains on disposal of non-current assets in the first half of 2020 primarily concerned GPA in connection with sale-and-leaseback transactions and asset disposals.

(2) The net reversal of impairment losses recognised in first-half 2021 mainly concerns the France Retail segment and relates to the asset disposal plan. The impairment loss recognised in first-half 2020 mainly concerned the France Retail segment and relates to the asset disposal plan.

(3) The net expense of €33 million related to changes in the scope of consolidation in first-half 2021 is mainly attributable to fees incurred in relation to the Assai spin-off (note 2). 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 classified as restructuring costs and €1 million classified within litigation and risks).

(4) Restructuring costs in first-half 2021 chiefly concern the France Retail and Latam Retail segments for €46 million and €18 million, respectively. Excluding the impact of the store optimisation plan set out in the previous footnote, restructuring provisions and expenses in first-half 2020 mainly concern the France Retail and Latam Retail segments for €30 million and €38 million, respectively.

(5) Provisions and expenses for litigation and risks represented a net expense of €12 million in first-half 2021 and mainly concern the France Retail segment. Provisions and expenses for litigation and risks represented a net expense of €30 million in first-half 2020, including €11 million for tax risks at GPA.

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

(€ millions)	First-half 2021	First-half 2020 (restated)
Goodwill impairment losses		(15)
Impairment (losses) reversals on intangible assets, net	(1)	(7)
Impairment (losses) reversals on property, plant and equipment, net	(15)	(18)
Impairment (losses) reversals on investment property, net		
Impairment (losses) reversals on right-of-use assets, net	(13)	(6)
Impairment (losses) reversals on other assets, net (IFRS 5 and other)	58	(49)
Total net impairment (losses) reversals	**29**	**(95)**
Net impairment losses of discontinued operations		
Net impairment (losses) reversals	**29**	**(95)**
Of which presented under "Restructuring provisions and expenses"	*(8)*	*(23)*
Of which presented under "Net impairment (losses) reversals on assets"	*38*	*(70)*
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 expense of €46 million in first-half 2021, compared to a benefit of €15 million in first-half 2020 (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 €502 million in first-half 2021, compared with €462 million in the prior-year period. In addition, right-of-use assets recognised in first-half 2021 in respect of new leases amounted to €144 million versus €142 million in the prior-year period. Currency fluctuations had a €209 million positive impact on property, plant and equipment, intangible assets, investment property and right-of-use assets.

Casino Group carried out a review of goodwill and other non-current assets at 30 June 2021 to determine whether there was any evidence of impairment, as defined in the notes to the 2020 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 €29 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 €303 million at 30 June 2021 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.

The only goodwill CGU presenting evidence of impairment is Multivarejo in Brazil. However, no impairment loss was recognised based on the tests carried out. Based on the sensitivity tests (see above), no impairment losses would have been recognised.

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 2021	31 Dec. 2020
Cash equivalents	1,290	1,383
Cash	869	1,398
Gross cash and cash equivalents	**2,159**	**2,781**
Bank overdrafts	(192)	(69)
Net cash and cash equivalents	**1,967**	**2,712**

As of 30 June 2021, cash and cash equivalents are not subject to any material restrictions.

9.2. Loans and borrowings

9.2.1. Breakdown of net debt

(€ millions)	*Notes*	30 June 2021			31 Dec. 2020		
		Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds[1]		6,361	944	**7,305**	5,818	615	**6,433**
Other loans and borrowings		3,691	878	**4,569**	3,754	732	**4,486**
Fair value hedges – liabilities[2]		13	1	**14**	3	8	**11**
Gross financial liabilities[3]		**10,065**	**1,823**	**11,888**	**9,575**	**1,355**	**10,930**
Fair value hedges – assets[4]		(55)	(6)	**(61)**	(77)	(15)	**(92)**
Other financial assets[5]		(83)	(447)	**(530)**	(68)	(518)	**(586)**
Loans and borrowings[6]	**9.2.2**	**9,927**	**1,370**	**11,297**	**9,430**	**822**	**10,252**
Net assets held for sale attributable to owners of the parent of the selling subsidiary	3.2.1		(862)	**(862)**		(720)	**(720)**
Cash and cash equivalents	9.1		(2,159)	**(2,159)**		(2,781)	**(2,781)**
Cash and cash equivalents and net assets held for sale			**(3,021)**	**(3,021)**		**(3,501)**	**(3,501)**
Net debt		**9,927**	**(1,651)**	**8,276**	**9,430**	**(2,679)**	**6,751**
Rallye				2,796			2,839
Casino, of which:				5,482			3,914
France Retail				*3,352*			*2,835*
Latam Retail[7]				*1,702*			*866*
E-commerce				*428*			*213*

(1) Including €5,117 million in France and €2,188 million in Brazil at 30 June 2021 (31 December 2020: €4,706 million in France and €1,727 million in Brazil).

(2) Including €2 million in France and €11 million in Brazil at 30 June 2021 (31 December 2020: including €8 million in France and €3 million in Brazil).

(3) Including secured gross debt of €1,930 million. As from 30 June 2021, this indicator is used to calculate the covenants following the amendment to the revolving credit facility (RCF) (notes 2 and 9.6).

(4) Including €59 million in France and €2 million in Brazil at 30 June 2021 (31 December 2020: including €79 million in France and €12 million in Brazil).

(5) Including mainly €352 million placed in a segregated account and posted as collateral (of which €339 million in a segregated account – note 9.6) and €161 million in financial assets further to a disposal of non-current assets at 30 June 2021, comprising contingent consideration recognised in the period for €99 million, of which €16 million in non-current items (note 6.5) (31 December 2020: €505 million placed in a segregated account and posted as collateral (of which €487 million in a segregated account) and €60 million in financial assets further to a major disposal of non-current assets).

(6) The Group defines "Loans and borrowings" as gross financial liabilities adjusted for fair value hedges (assets) and other financial assets. Up to 31 March 2021, this indicator was used to calculate the covenants as defined in the revolving credit facility (RCF) prior to the signature of the amendment in July 2021.

(7) Including Ségisor amounting to €171 million at 30 June 2021 (31 December 2020: €188 million).

9.2.2. Change in financial liabilities

(€ millions)	*Notes*	2021	2020
Gross financial liabilities at beginning of period		10,930	12,842
Fair value hedges – assets		(92)	(78)
Other financial assets		(586)	(456)
Loans and borrowings at beginning of period		**10,252**	**12,308**
New borrowings[(1)(3)(8)]		2,679	2,277
Repayments of borrowings[(2)(3)(8)]		(2,180)	(2,948)
Change in fair value of hedged debt		(9)	27
Change in accrued interest		84	150
Foreign currency translation reserves[(4)]		210	(915)
Changes in scope of consolidation[(5)]		17	(101)
Impact of the safeguard plan for the Rallye scope		38	(332)
Change in other financial assets[(6)]		54	(133)
Other and reclassifications[(7)]		152	(81)
Loans and borrowings at end of period	**9.2.1**	**11,297**	**10,252**
Gross financial liabilities at end of period	9.2.1	11,888	10,930
Fair value hedges – assets	9.2.1	(61)	(92)
Other financial assets	9.2.1	(530)	(586)

(1) New borrowings in first-half 2021 primarily include the following: (a) an unsecured bond issue by Casino, Guichard-Perrachon maturing in April 2027 and a new term loan ("Term Loan B") for a total nominal amount of €1,525 million (note 2), (b) a debenture issue by CBD for BRL 1,500 million (€231 million) along with new bank borrowings totalling BRL 400 million (€62 million), (c) a debenture issue by Sendas for BRL 1,600 million (€246 million) and new bank loans for BRL 291 million (€45 million), (d) drawdowns on confirmed bank credit lines and new bank loans taken out by Éxito for COP 810 billion (€185 million), and (e) the refinancing by Ségisor of the €188 million bank loan maturing in December 2021, resulting in the repayment of €188 million in the period, and a new liability contracted for the same amount (see below in (ii)).

New borrowings in 2020 mainly included: (a) an unsecured bond issue by Casino, Guichard-Perrachon maturing in January 2026 and the Term Loan B tap for a total amount of €625 million, (b) a debenture issue by GPA for BRL 2,000 million (€339 million) along with new bank borrowings for BRL 3,070 million (€521 million), (c) new bank loans taken out by Éxito for COP 1,025 billion (€243 million), (d) a bond issue by Rallye for €210 million; and (e) a government-backed loan granted to Cdiscount for €120 million.

(2) In first-half 2021, repayments of borrowings mainly concerned (i) Casino, Guichard-Perrachon (of which €1,225 million relating to the early repayment of the initial Term Loan B (note 2) and €148 million in redemptions of the 2021 and 2022 bond issues), (ii) CBD (of which BRL 1,136 million (€175 million) in redemptions of bonds and BRL 401 million (€62 million) in repayments of bank loans), (iii) Éxito for COP 602 billion (€141 million) in repayments of confirmed facilities and bank loans, (iv) Ségisor for €188 million and Rallye for €182 million as part of the Tender Offer on Rallye's unsecured debt (see note 2).

Repayments of borrowings in 2020 mainly concerned (i) Casino, Guichard-Perrachon (of which €257 million in redemptions of bonds maturing in March 2020 and €1,400 million in early bond redemptions); (ii) GPA (of which BRL 2,734 million [€464 million] in redemptions of bonds and BRL 1,186 million [€201 million] in repayments of bank loans); (iii) Rallye for €219 million in structured derivatives and €96 million in bank loans; and (iv) Éxito for COP 786 billion (€186 million) in repayments of confirmed credit facilities and bank loans.

(3) Cash flows relating to financing activities in first-half 2021 represent a net inflow of €344 million, with new borrowings of €2,679 million offset by repayments of borrowings for €2,180 million and net interest payments of €155 million (excluding interest on lease liabilities) (note 4.10).

In 2020, cash flows relating to financing activities could be summarised as a net inflow of €1,078 million, consisting of repayments of borrowings for €2,948 million and net interest paid (excluding on lease liabilities) for €407 million, offset by new borrowings in an amount of €2,277 million.

(4) In first-half 2021 and full-year 2020, foreign currency translation reserves primarily concerned Brazil.

(5) In 2020, €102 million related to the total return swap (TRS) on Mercialys shares.

(6) In first-half 2021, changes in other financial assets primarily result from the use of the segregated account representing a positive €148 million (note 4.5) and the recognition of contingent consideration not yet collected, representing a negative €99 million impact (Notes 9.2.1 and 6.5).

In 2020, changes in other financial assets essentially related to changes in the segregated account.

(7) Including changes in current bank overdrafts, for a positive €139 million in first-half 2021 and a negative €58 million in 2020.

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

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

9.3.1. Cost of net debt

(€ millions)	First-half 2021	First-half 2020
Gains (losses) on disposals of cash equivalents		
Income from cash and cash equivalents	8	9
Income from cash and cash equivalents	**8**	**9**
Interest expense on borrowings after hedging	(292)	(262)
Impact of the safeguard plan for the Rallye scope[1]	4	385
Cost of gross debt	**(288)**	**123**
Cost of net debt	**(280)**	**132**
Of which Holding scope	*(57)*	*320*
Of which France Retail[2]	*(165)*	*(125)*
Of which Latam Retail	*(51)*	*(58)*
Of which E-commerce	*(8)*	*(5)*

(1) In 2020, further to the safeguard plan, Rallye 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 net financial income of €385 million in first-half 2020, and a corresponding reduction in consolidated debt.

(2) Including a negative €43 million impact recognised in first-half 2021 in connection with the derecognition of the former Term Loan B (note 2).

9.3.2. Other financial income and expenses

(€ millions)	First-half 2021	First-half 2020 (restated)
Other financial income	**182**	**88**
Other financial expenses	**(245)**	**(377)**
Net foreign currency exchange gains (losses) (other than on borrowings)[1]	(10)	(14)
Gains (losses) on remeasurement at fair value of non-hedging derivative instruments[2]	7	(69)
Gains (losses) on remeasurement at fair value of financial assets	(3)	(3)
Interest expense on lease liabilities	(154)	(165)
Non-recourse factoring and associated transaction costs	(23)	(32)
Impact of applying IAS 29 to operations in Argentina	(4)	(2)
Net impact of the tender offer on unsecured debt [3]	113	
Other[4]	11	(4)
Other financial income and expenses	**(63)**	**(289)**

(1) Including €16 million in foreign currency exchange gains and €26 million in foreign currency exchange losses in first-half 2021 (first-half 2020: €33 million in forex gains and €47 million in forex losses).

(2) At 30 June 2020, the €69 million net expense primarily reflected the fair value adjustment of the GPA total return swap. This swap was unwound during the first half of 2020, generating a cash outflow of €248 million (note 4.5).

(3) Impact of the tender offer on Rallye's unsecured debt(see note 2) net of IFRS restatements.

(4) Including BRL 22 million (€3 million) recognised by Sendas in first-half 2021 with regard to the exclusion of ICMS from the PIS/COFINS tax base and BRL 89 million (€14 million) recognised by CBD (note 5.1).

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 2020 financial statements.

(€ millions)	Carrying amount	Fair value	Fair value level		
			level 1	level 2	level 3
At 30 June 2021					
Assets recognised at fair value:					
Financial assets at fair value through profit or loss[1]	35	**35**			35
Financial assets at fair value through other comprehensive income[1]	72	**72**	10	41	21
Fair value hedges – assets[2]	61	**61**		61	
Cash flow hedges and net investment hedges – assets[2]	1	**1**		1	
Other derivative instruments – assets	2	**2**		2	
At 31 December 2020					
Assets recognised at fair value:					
Financial assets at fair value through profit or loss[1]	39	**39**			39
Financial assets at fair value through other comprehensive income[1]	64	**64**	9	34	21
Fair value hedges – assets[2]	92	**92**		92	
Cash flow hedges and net investment hedges – assets[2]					
Other derivative instruments – assets					

(1) Financial assets recognised at fair value are generally measured using standard valuation techniques. In particular, they correspond to investments in private equity funds, which are valued using the most recent data provided by the managers of said funds. These fair value measurements are generally level 3. 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.

(€ millions)	Carrying amount	Fair value	Fair value level		
			level 1	level 2	level 3
At 30 June 2021					
Liabilities recognised at fair value:					
Fair value hedges – liabilities[1]	14	**14**		14	
Cash flow hedges and net investment hedges – liabilities[1]	36	**36**		36	
Other derivative instruments – liabilities[1]	3	**3**		3	
Put options granted to owners of non-controlling interests[2]	171	**171**			171
Liabilities not recognised at fair value:					
Bonds[3]	7,305	**6,619**	4,338	2,281	
Other loans and borrowings[4]	4,569	**4,519**	29	4,490	
Lease liabilities	4,967	**4,967**		4,967	
At 31 December 2020					
Liabilities recognised at fair value:					
Fair value hedges – liabilities[1]	11	**11**		11	
Cash flow hedges and net investment hedges – liabilities[1]	57	**57**		57	
Other derivative instruments – liabilities[1]	9	**9**		9	
Put options granted to owners of non-controlling interests[2]	164	**164**			164
Liabilities not recognised at fair value:					
Bonds[3]	6,433	**5,819**	3,688	2,131	
Other loans and borrowings[4]	4,486	**4,400**	19	4,381	
Lease liabilities	4,988	**4,988**		4,988	

(1) 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.

(2) 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.

(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.

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 sixmonths past due	More than six months past due	Total past-due trade receivables	
At 30 June 2021						
Trade receivables	*729*	*19*	*71*	*147*	237	**966**
Allowance for lifetime expected losses	(5)		*(18)*	*(84)*	(102)	**(107)**
Total, net	**725**	***19***	***53***	***63***	**135**	**859**
At 31 December 2020						
Trade receivables	709	*104*	*78*	*150*	332	**1041**
Allowance for lifetime expected losses	(11)	*(2)*	*(13)*	*(75)*	(89)	**(100)**
Total, net	**698**	***102***	***65***	***75***	**243**	**941**

9.6. Casino Group liquidity risk

As described in the notes to the 2020 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 2021, Casino Group's liquidity position comprised:

- confirmed, undrawn lines of credit for a total of €2,143 million (of which a non-current portion of €1,921 million for France);
- gross cash and cash equivalents totalling €2,133 million (of which €528 million available in France);
- €339 million held in a segregated account in France and able to be used at any time to pay down debt.

Casino, Guichard-Perrachon had the following financing facilities at 30 June 2021 (France Retail):

- unsecured bonds amounting to €2,999 million, of which €400 million in high-yield bonds maturing in January 2026 and €525 million in high-yield bonds maturing in April 2027 (note 2);
- secured high-yield bonds for €800 million maturing in January 2024;
- "Term Loan B" for €1,000 million, maturing in August 2025.

Casino, Guichard-Perrachon also raises funds through negotiable European commercial paper issues (NEU CP), under which €255 million was outstanding at 30 June 2021 (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, Casino Group carries out non-recourse discounting without continuing involvement, within the meaning of IFRS 7, as well as reverse factoring.

At 30 June 2021, trade payables totalling €935 million (including €448 million in France Retail payables, €458 million in Latam Retail payables and €29 million in E-commerce payables) had been reverse factored, versus €1,181 million at 31 December 2020 (€434 million, €709 million, and €38 million, respectively).

Management of medium- and long-term debt

In first-half 2021, the Group continued to strengthen its financial structure through two operations:

- a new €1 billion term loan ("Term Loan B") maturing in August 2025, issued at a price representing 99.75% of the nominal amount. The loan bears interest at Euribor + 4.0% and the collateral posted is the same as for the existing term loan;
- a new €525 million unsecured debt issue, maturing in April 2027 and with a +5.25% coupon.

The funds raised from these instruments were used to repay ahead of term the existing €1.225 billion term loan ("Term Loan B") maturing in January 2024 and bearing interest at Euribor + 5.5%.

Lastly, on 19 July 2021, Casino Group announced that it had extended the maturity of its syndicated credit facility ("RCF") and improved its financial conditions. The amendment to the loan documentation effective 22 July 2021 provides for:

- the extension of the maturity of the facility from October 2023 to July 2026 (May 2025 if the Term Loan B maturing in August 2025 is not repaid or refinanced at that date) for an amount of €1.8 billion;
- a review of the covenants, in line with the improvement in Casino Group's financial position Casino and GreenYellow's growth plan. Consequently, as from 30 June 2021, the Group has undertaken to comply, on a quarterly basis, with the following covenants, which supersede the previous covenants, for the France Retail and E-commerce scope (excluding GreenYellow):
  - a ratio of secured gross debt to EBITDA (after lease payments) not in excess of 3.5x;
  - a ratio of EBITDA (after lease payments) to net finance costs not less than 2.5x.

The security interests and collateral initially granted to the lenders remain unchanged. The dividend restrictions provided for in the financing raised since November 2019 (see note 11.5.4 to the Group's 2020 consolidated financial statements) remain unchanged.

Monoprix's syndicated credit facility which expired in July 2021 was also renewed after the reporting date. The new €130 million syndicated facility matures in January 2026 and has a yearly margin adjustment clause based on the achievement of CSR targets.

As a result of these two operations, the amount of Casino Group's undrawn lines of credit available at any time in the France Retail segment stands at €2.2 billion, with an average maturity of 4.6 years (versus 2.2 years prior to the operations).

Casino, Guichard-Perrachon debt covenants at 30 June 2021

Following the July 2021 signature of the amendment to the RCF, applicable as from 30 June 2021 in terms of the covenants (see above), Casino, Guichard-Perrachon is required to comply with the following covenants in the France Retail (excluding GreenYellow) and E-commerce scope, calculated each quarter (on a rolling 12-month basis):

Type of covenant (France [excluding GreenYellow and E-commerce])	Main types of debt subject to covenant	Frequency of tests	Ratio at 30 June 2021
Secured gross debt(1)/EBITDA(2) not more than 3.5x.	▪ RCF for €2,051 million	Quarterly	2.12
EBITDA(2)/net finance costs(3): not less than 2.5			3.20

(1) Gross debt as defined in the loan documentation only concerns loans and borrowings for which collateral has been posted for the France Retail (excluding GreenYellow) and E-commerce segments as presented in note 9.2.1, and certain GPA holding companies reported in the Latam Retail segment (notably Ségisor). At 30 June 2021, the debt concerned was mainly (i) the Term Loan B for €1,000 million, (ii) high-yield bonds for €800 million, and (iii) the drawn portion of the RCF facility amounting to €100 million.

(2) EBITDA as defined in the loan agreements reflects trading profit/loss for the France Retail (excluding GreenYellow) 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 for the France Retail (excluding GreenYellow) and E-commerce scope.

(3) Net finance costs as defined in the loan agreements represent net finance costs for the France Retail (excluding GreenYellow) and E-commerce scope.

There was no change in the covenants applicable to other Casino, Guichard-Perrachon financing facilities (syndicated credit lines totalling USD 25 million) compared to 31 December 2020, or in the covenants applicable to financing contracted by Casino Group's subsidiaries.

9.7. Rallye holding company scope liquidity risk

The terms and conditions of the settlement of liabilities and the risks associated with the implementation of Rallye's safeguard plan are described in notes 11.5.5 and 11.5.6 of Rallye's 2020 annual report.

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 2021, the share capital consisted of 52,598,701 shares representing a total nominal value of €158 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 2020	**(17)**	**(6)**	**(1,259)**	**(63)**	**(57)**	**(1)**	**(1,403)**
Movements for the period	(6)	(4)	(286)	(5)	(2)		(303)
At 31 December 2020	**(23)**	**(10)**	**(1,545)**	**(68)**	**(59)**	**(1)**	**(1,706)**
Movements for the period	8	3	35	(1)	1		45
At 30 June 2021	**(15)**	**(7)**	**(1,510)**	**(69)**	**(58)**	**(1)**	**(1,661)**

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

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	
	2021	2020 (restated)
% ownership interests held by non-controlling interests	*47.46%*	*47.37%*
% voting rights held by non-controlling interests	*37.76%*	*36.29%*
Net sales	14,480	16,140
Net income (loss) from continuing operations	41	(295)
Net income (loss) from discontinued operations	(169)	(158)
Consolidated net income (loss)	**(128)**	**(452)**
Attributable to non-controlling interests in Casino subsidiaries	*77*	*50*
Attributable to non-controlling interests in Casino	*(88)*	*(225)*
Attributable to non-controlling interests in Casino Group	***(10)***	***(176)***
Other comprehensive income (loss)	134	(1,182)
Total comprehensive income (loss) for the period	**6**	**(1,634)**
Attributable to non-controlling interests in Casino subsidiaries	*133*	*(655)*
Attributable to non-controlling interests in Casino	*(51)*	*(452)*
Attributable to non-controlling interests in Casino Group	***82***	***(1,107)***
Non-current assets	21,174	20,754
Current assets	9,574	9,763
Non-current liabilities	(12,998)	(12,461)
Current liabilities	(11,650)	(11,937)
Net assets	**6,101**	**6,118**
Attributable to non-controlling interests in Casino subsidiaries	*2,998*	*2,856*
Attributable to non-controlling interests in Casino[1]	*2,181*	*2,271*
Attributable to non-controlling interests in Casino Group	***5,179***	***5,127***
Net cash from (used in) operating activities	(262)	58
Net cash from (used in) investing activities	(404)	(375)
Net cash from (used in) financing activities	(143)	(664)
Effect of changes in exchange rates on cash and cash equivalents	74	(398)
Change in cash and cash equivalents	**(735)**	**(1,379)**
Dividends paid during the period to:		
Non-controlling interests in Casino subsidiaries	*(22)*	*(14)*
Non-controlling interests in Casino		
Total dividends paid by Casino and its subsidiaries to non-controlling interests	***(22)***	***(14)***

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

10.4. Dividends

The Annual Shareholders' Meeting of 18 May 2021 approved the decision not to pay any dividend for 2020.

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

(€ millions)	First-half 2021	First-half 2020
Coupons payable on deeply-subordinated perpetual bonds (TSSDI)	**36**	**34**
of which amount paid during the period	31	30
of which amount payable in the following period	5	4
Impact on the statement of cash flows	**32**	**33**
of which coupons awarded and paid during the period	31	30
of which coupons awarded in the prior period and paid during the period	1	3

Note 11 • Other provisions

11.1. Breakdown of and movements in provisions

(€ millions)	1 January 2021	Additions during the period	Reversals used during the period	Reversals not used during the period	Changes in scope of consolidation	Effect of move-ments in exchange rates	Other	30 June 2021
Claims and litigation	409	52	(29)	(56)		26		**402**
Other risks and expenses	97	13	(14)	(8)				**88**
Restructuring	57	18	(21)	(6)			5	**53**
Total other provisions	**563**	**83**	**(64)**	**(70)**		**26**	**5**	**543**
… of which non-current	*374*	*44*	*(10)*	*(52)*		*26*	*(2)*	***380***
… of which current	*189*	*39*	*(54)*	*(18)*			*7*	***163***

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 €402 million and include €365 million for Brazil (note 11.2). Of this amount, additions to provisions, reversals of used provisions and reversals of surplus provisions, respectively, amounted to a positive €42 million, a negative €10 million and a negative €45 million.

11.2. Breakdown of provisions for Brazil

(€ millions)	PIS/Cofins/CPMF disputes[1]	Other tax disputes[2]	Employee disputes	Civil litigation	**Total**
30 June 2021	52	217	65	30	**365**
o/w CBD (GPA)	*39*	*207*	*53*	*23*	*323*
o/w Sendas (Assaí)	*13*	*10*	*12*	*7*	*42*
31 December 2020	48	224	55	25	**351**

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

(€ millions)	30 June 2021						31 December 2020		
	Bonds posted		Assets pledged as collateral		Bank guarantees		Bonds posted	Assets pledged as collateral	Bank guarantees
	CBD	Sendas	CBD	Sendas	CBD	Sendas			
Tax disputes	20	11	127		1,613	77	29	118	1,618
Employee disputes	79	11			181	18	74		112
Civil and other litigation	5	1	2		96	9	5	1	91
Total	**103**	**22**	**129**		**1,890**	**104**	**109**	**119**	**1,821**

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 Brazil – see below).

As stated in note 3.3.1, 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 involves a series of credit notes totalling €22 million issued in 2013 and 2014 by 41 suppliers. The DGCCRF is seeking repayment of this sum to the suppliers concerned together with a fine of €2 million.

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. Casino Group was ordered 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.

In early January 2021, the DGCCRF filed an appeal against the Paris Commercial Court's decision. As no application was made for provisional enforcement, the appeal has suspensive effect.

Casino Group maintains that it acted in accordance with applicable regulations in its negotiations with the suppliers concerned. Based on this and on the advice of its counsel, Casino Group considers that the associated risk on its financial statements is limited.

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.

On 31 May 2021, the Paris Commercial Court handed down its decision, ordering Casino to pay a fine of €2 million. On 12 July 2021, the Group appealed the decision before the Paris Court of Appeal, maintaining that it acted in accordance with applicable regulations in its negotiations with the suppliers concerned.

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.

On 5 October 2020, the General Court of the European Union ruled that the raids conducted by the Commission in February 2017 were partially unlawful. The case is currently being appealed before the Court of Justice of the European Union, seeking to have all of the 2017 raids classified as unlawful; proceedings are also currently pending before the General Court of the European Union in respect of the raids carried out in May 2019. Casino Group is not currently able to predict the outcome of this matter.

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.

On 7 July 2021, GPA announced that it had reached an out-of-court settlement with Fundo de Investimento Imobiliário Peninsula ("Península"), enabling the various amounts outstanding between the parties to be closed out, while maintaining the long-term leases and amending the terms and conditions of the agreements in order to more closely reflect the current market environment. From an accounting perspective, this out-of-court settlement led to a remeasurement of right-of-use assets under these lease agreements and of the lease liability.

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. On 22 January 2021, Via Varejo submitted its declaration in connection with these proceedings but no additional evidence has been provided. Accordingly, Cnova remains unable to determine the extent of the risk and/or of its liability, if any.

Brazil tax, social and civil contingent liabilities

(€ millions)	30 June 2021	*o/w CBD*	*o/w Sendas*	31 December 2020
INSS (employer's social security contributions)	84	*80*	*4*	78
IRPJ – IRRF and CSLL (corporate income taxes)	193	*114*	*79*	163
PIS, COFINS and CPMF (VAT and similar taxes)	594	*487*	*106*	560
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	30	*28*	*2*	24
ICMS (state VAT)	1,011	*820*	*190*	967
Civil litigation	76	*68*	*7*	65
Total	**1,988**	***1,598***	***389***	**1,858**

CBD and Sendas employ consulting firms to advise them in tax disputes, whose fees are contingent on the disputes being settled in the company's favour. At 30 June 2021, the estimated amount totalled €40 million, comprising €26 million for CBD and €14 million for Sendas (31 December 2020: €30 million).

Moreover, Casino has given a specific guarantee to CBD concerning notifications of tax adjustments received from the tax administration, for a total amount of BRL 1,442 million at 30 June 2021 (31 December 2020: BRL 1,432 million), including penalties and interest. Under the terms of the guarantee, Casino has undertaken to indemnify its subsidiary 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 721 million (€122 million) (31 December 2020: BRL 716 million, representing €112 million). As the risks of liability are only considered possible, Casino has not recognised a provision in its financial statements for this amount.

Brazil contingent assets

Exclusion of ICMS from the PIS/COFINS tax base

Since the adoption of non-cumulative regime to calculate PIS and COFINS tax credits, CBD and Sendas have challenged the right to deduct ICMS taxes from the calculation basis for PIS and COFINS taxes. CBD and Senda'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.

On 29 October 2020, CBD was notified of a final favourable ruling on its main claim initially filed in 2003. Based on this court decision, CBD considered that the uncertainty that had previously led it to consider this asset as "contingent" within the meaning of IAS 37 had resolved. Accordingly, in second-half 2020 it recognised a tax credit for BRL 1,608 million (€273 million).

On 16 July 2021, a ruling was handed down in favour of Sendas. In light of this ruling, associated with the ruling of the Brazilian federal supreme court (STF) of May 2021 (see note 5.1), Sendas considered that the uncertainty that had previously led it to consider this asset as "contingent" within the meaning of IAS 37 had resolved. Accordingly, in first-half 2021 it recognised a tax credit for BRL 62 million (€10 million). This amount represents the best estimate of Sendas' management at the reporting date. Owing to the sheer volume of data for all periods and the complexity of the calculations to be made, the final amount of the tax credits will be calculated in the next reporting period, and additional tax credits may be recognised.

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 2021, 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. In this regard, GPA had recognised a gross amount of BRL 231 million (€39 million) in its 2020 income statement, of which BRL 158 million (€29 million) in the first half of that year (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 277 million (€47 million) at 30 June 2021.

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 2021, Foncière Euris held 57.91% of the capital of Rallye and 71.81% 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 €3.8 million, of which €3.3 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 2020 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 3.3.2.

12.2. Transactions with related parties not affiliated with the Group

In first-half 2021, 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. 22-10-13 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 22 January 2021, allowing Rallye to finance the tender offer at a discount for a portion of its secured debt under an initial tender offer, then under potential additional tender offers for a maximum principal amount of €18,133,334.
- In connection with the bond financing agreement and as security and collateral for its payment and repayment obligations, Rallye entered into (i) a fiduciary-trust agreement with Fimalac, governed by French law, under which a fiduciary trust was created in which the 716,835 Casino shares held by Rallye were deposited, and (ii) a pledge agreement pursuant to which a first-rank financial instruments account has been set up, it being specified that 100 Casino shares were initially credited to the pledged financial instruments account, with a maximum of 9,680,245 Casino shares to be subsequently credited.

Note 13 • Subsequent events

— *Extended RCF maturity*

On 19 July 2021, Casino Group announced that it has extended the maturity and improved the financial conditions of its main syndicated credit line, originally set to mature in October 2023 (notes 2 and 9.6).

Monoprix's syndicated credit facility which expired in July 2021 was also renewed (note 9.6).

— *Sale-and-leaseback transaction at Sendas*

On 19 July 2021, Sendas entered into a sale-and-leaseback transaction with investment fund BRL Trust Distribuidora de Titulos e Valores Mobiliarios S.A. The purpose of the transaction is the sale, construction and leasing of five stores located in São Paulo, Rio de Janeiro and Rondônia.

This transaction includes the sale and leaseback of a store property and four plots of land on which construction will soon begin and represents a total price of this transaction is BRL 364m (i.e., €56m).

The transaction is subject to the waiver of the conditions precedent at 14 October 2021.

At 30 June 2021, the assets involved in this transaction were reclassified as "Assets held for sale" in accordance with IFRS 5 for an amount of BRL 147 million (i.e., €25 million).

— *Financing transactions at CBD*

On 20 July 2021, the Board of Directors of CBD approved the fifth issue of its *Notas Promissórias* (promissory notes) in two tranches, each for an amount of BRL 500 million, totalling BRL 1,000 million (€169 million), maturing respectively on 30 July 2025 for the first tranche and on 30 July 2026 for the second.

— *Financing transactions at Sendas*

On 27 July 2021, the issue of *Certificados de Recebíveis Imobiliários* (CRI) for an amount of BRL 1,500 million (i.e., €254 million) and *Notas Promissórias* for an amount of BRL 2,500 million (i.e., €423 million), was approved. These issues have an average maturity of more than four years, and will serve to refinance issues maturing in 2022 to 2023.

The conclusion of the public offering is subject to full compliance with the conditions precedent set out in the documentation relating to the respective funding.

— *Exclusivity agreement signed for the sale of Floa to BNP Paribas*

On 27 July 2021, Casino Group and Crédit Mutuel Alliance Fédérale announced (i) the signing of an exclusivity agreement for the sale of Floa to BNP Paribas and (ii) the setting up of a strategic partnership between BNP Paribas and Casino Group. The sale price amounts to €179 million (€129 million for the disposal of shares representing 50% of the capital of Floa, whose total equity amounted to €184 million at 31 December 2020, and contingent consideration of €50 million, notably related to the renewal of commercial agreements between Cdiscount, the Casino banners and Floa [Cdiscount will continue to operate its bank card payments business with the support of Floa and BNP Paribas]).

BNP Paribas will become the exclusive provider and distributor of consumer credit solutions, including split payment solutions for Casino Group customers through a business partnership set up with the Casino Supermarket, Géant and Cdiscount banners. The planned partnership will also lead to a collaborative venture between Casino Group and BNP Paribas to develop the Floa Pay split payment solution. Casino Group will remain invested in the successful development of the Floa payment business through a 30% stake in future created value (by 2025).

The transaction is still subject to consultation with the relevant employee representative bodies. It is expected to be completed in the coming quarters, subject to the necessary authorisations, in particular from France's competition authority and the European Central Bank (ECB).

STATUTORY AUDITORS' REVIEW REPORT

on the half-yearly financial information

For the six months ended 30 June 2021

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 January 1st to June 30th, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. 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 – standard of the IFRSs 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 on the condensed half-yearly consolidated financial statements subject to our review.

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

Paris-La Défense, July 30th, 2021

The Statutory Auditors

French original signed by

KPMG Audit	ERNST & YOUNG et Autres
Département de KPMG S.A.	
Jean-Marc Discours	Henri-Pierre Navas