LISTING PROSPECTUS

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

Casino, Guichard-Perrachon S.A.

€400,000,000 6.625% Senior Notes due 2026

Casino, Guichard-Perrachon S.A., a *société anonyme* organized under the laws of France, having its registered office at 1, cours Antoine Guichard, 42000 Saint-Étienne, France (the "**Issuer**" or "**CGP**"), is offering (the "**Offering**") €400 million aggregate principal amount of its 6.625% senior notes due 2026 (the "**Notes**").

The Notes will be issued pursuant to an indenture (the "**Indenture**") to be dated December 22, 2020 (the "**Issue Date**"), among, *inter alios*, the Issuer and Citibank, N.A., London Branch, as trustee (the "**Trustee**").

The Notes will bear interest at a rate of 6.625% per annum and will mature on January 15, 2026. The Issuer will pay interest semi-annually in arrears on the Notes on January 15 and July 15 of each year, commencing on July 15, 2021. Interest on the Notes will accrue from the Issue Date.

At any time prior to January 15, 2023, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, to the redemption date plus a "make-whole" premium, as described in this Listing Prospectus (the "**Listing Prospectus**"). In addition, at any time prior to January 15, 2023, the Issuer may redeem up to 40% of the original aggregate principal amount of the Notes (including principal amount of any additional Notes issued) with the net cash proceeds of certain equity offerings at the redemption price specified herein. At any time on or after January 15, 2023, the Issuer may redeem all or part of the Notes at the redemption prices set forth herein. The Issuer may also redeem all of the Notes upon the occurrence of certain changes in applicable tax law at a redemption price equal to 100% of the outstanding amount of the Notes plus accrued and unpaid interest and additional amounts, if any. Upon the occurrence of certain events constituting a change of control, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any. See "*Description of the Notes*".

The Notes will be senior unsecured obligations of the Issuer, will rank equal in right of payment to all of the Issuer's existing and future senior indebtedness and will rank senior to all of the Issuer's future indebtedness that is subordinated in right of payment to the Notes. The Notes will not be guaranteed as of the Issue Date.

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit them to trading on the Euro MTF Market. This offering memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on Prospectuses for securities dated July 16, 2019.

Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 38 for a discussion of certain risks that you should consider in connection with an investment in the Notes.

Issue price for the Notes: 100% of principal plus accrued and unpaid interest, if any, from the Issue Date.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold to non-U.S. persons outside the United States in offshore transactions in accordance with Regulation S under the Securities Act ("Regulation S"). The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. See "*Notice to Investors*" and "*Plan of Distribution*" for additional information about eligible offerees.

The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes were represented upon issuance by one or more global notes in registered form, which were deposited and registered in the name of a nominee for a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on the Issue Date. See "*Book-Entry, Delivery and Form*".

Joint Global Coordinators and Physical Bookrunners

BNP PARIBAS **J.P. Morgan**

Joint Global Coordinators and Joint Bookrunners

Crédit Agricole CIB **HSBC**

Joint Bookrunners

BofA Securities **Citigroup** **Goldman Sachs International** **Natixis** **Société Générale**

The date of this Listing Prospectus is January 11, 2021

You should rely only on the information contained in this Listing Prospectus. Neither the Issuer nor any of the Initial Purchasers has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. Neither the Issuer nor any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where the Offering is not permitted. You should not assume that the information contained in this Listing Prospectus is accurate as of any date other than January 11, 2021.

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IMPORTANT INFORMATION ABOUT THIS LISTING PROSPECTUS

The Notes are being offered in accordance with and in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes have not been recommended by the U.S. Securities and Exchange Commission, any U.S. state securities commission or any non-U.S. securities authority, nor have any such authorities determined that this Listing Prospectus is accurate or complete. Any representation to the contrary is a criminal offense in the United States. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

This Listing Prospectus does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any of the Notes or possess this Listing Prospectus. You must also obtain any consents or approvals that you need in order to purchase any of the Notes. Neither we nor the Initial Purchasers are responsible for your compliance with these legal requirements.

This Listing Prospectus has been prepared by us solely for use in connection with the Offering. This Listing Prospectus does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Notes.

You are not to construe the contents of this Listing Prospectus as investment, legal, business or tax advice. You should consult your own counsel, accountant and other advisors as to the legal, tax, business, financial and related aspects of purchasing the Notes. You are responsible for making your own examination of the Issuer and your own assessment of the merits and risks of investing in the Notes. We are not, and none of BNP Paribas, J.P. Morgan Securities plc, Crédit Agricole Corporate and Investment Bank, HSBC Continental Europe, BofA Securities Europe SA, Citigroup Global Markets Limited, Goldman Sachs International, Natixis and Société Générale (together, the "**Initial Purchasers**") the Trustee and the Agents (as defined herein) is, making any representation to you regarding the legality of an investment in the Notes by you under applicable investment or similar laws. You may contact us if you need any additional information. By purchasing the Notes, you will be deemed to have acknowledged that:

- you have reviewed this Listing Prospectus; and
- you have had an opportunity to request, and have received, any additional information that you need from us.

You should base your decision to invest in the Notes solely on information contained in this Listing Prospectus. No person is authorized in connection with any offering made by this Listing Prospectus to give any information or to make any representation not contained in this Listing Prospectus or any pricing term sheet or supplement and, if given or made, such other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. The information contained in this Listing Prospectus is as of the date hereof and is subject to change, completion or amendment without notice. Neither the delivery of this Listing Prospectus at any time after the date hereof nor any subsequent commitment to purchase the Notes shall, under any circumstances, create any implication that there has been no change in the information set forth in this Listing Prospectus or in our business since the date hereof. The information contained in this Listing Prospectus has been furnished by us and other sources we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers, any of the Trustee or the Agents or their respective directors, affiliates, advisors and agents, the advisors of the Issuer or any other agents acting with respect to the Notes as to the accuracy or completeness of any of the information set forth in this Listing Prospectus, and nothing contained in this Listing Prospectus is, or shall be relied upon as, a promise or representation by the Initial Purchasers, any of the Trustee or the Agents or their respective directors, affiliates, advisors and agents or their respective directors, affiliates, advisors and agents, the advisors of the Issuer or any other agents acting with respect to the Notes, whether as to the past or the future. Certain documents are summarized herein, and such summaries are qualified entirely by reference to the actual documents, copies of which will be made available to you upon request. By receiving this Listing Prospectus, you acknowledge that you have not relied on the Initial Purchasers, any of the Trustee or the Agents or their respective directors, affiliates, advisors and agents or the advisors of the Issuer in connection with your investigation of the accuracy of this information or your decision to invest in the Notes. We undertake no obligation to update this Listing Prospectus or any information contained in it, whether as a result of new information, future events or otherwise, save as required by law.

The Issuer is offering the Notes in reliance on an exemption from the registration requirements of the Securities Act for offers and sales of securities that do not involve a public offering. The Notes are subject to restrictions on resale as described under "*Plan of distribution*". By purchasing any of the Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this Listing Prospectus. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

We reserve the right to withdraw the Offering at any time. We are making the Offering subject to the terms described in this Listing Prospectus and the purchase agreement relating to the Notes (the "**Purchase Agreement**"). We and the Initial Purchasers may, for any reason, reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes sought by it.

The Issuer accepts responsibility for the information contained in this Listing Prospectus and for the inclusion of its consolidated financial statements in this Listing Prospectus. To the best of the knowledge and belief of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Listing Prospectus is in accordance with the facts and does not omit anything material that is likely to affect the import of such information. However, the content set forth under the headings "*Exchange Rates*", "*Industry*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*" include extracts from information and data, including industry and market data, released by publicly available sources or otherwise published by third parties. While the Issuer accepts responsibility for accurately extracting and summarizing such information and data, none of the Issuer, the Initial Purchasers, the Trustee or the Agents has independently verified the accuracy of such information and data, and none of the Issuer, the Initial Purchasers, the Trustee or the Agents accepts any further responsibility in respect thereof. Furthermore, the information set forth in relation to sections of this Listing Prospectus describing clearing and settlement arrangements, including the section entitled "*Book-entry, delivery and form*", is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, none of the Issuer, the Initial Purchasers, the Trustee or the Agents accepts further responsibility in respect of such information.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, J.P. MORGAN SECURITIES PLC (THE "**STABILIZING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTIONS. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT SUCH STABILIZATION ACTIONS MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO INVESTORS

Notice to U.S. Investors

The Notes will be sold outside the United States to non-U.S. persons pursuant to Regulation S of the Securities Act. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. This Listing Prospectus is being provided to non-U.S. persons in offshore transactions in accordance with Regulation S under the Securities Act. The Notes described in this Listing Prospectus have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States, or any such securities commission or authority passed upon the accuracy or adequacy of this Listing Prospectus. Any representation to the contrary is a criminal offense.

MiFID II Product Governance / Professional Investors and ECPs Only Target Market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. A distributor should take into consideration the manufacturer's target market assessment; however, and without prejudice to the obligations of the Issuer in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Notice to Investors in the European Economic Area and United Kingdom Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

This Listing Prospectus has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Regulation (as defined below), from the requirement to produce a prospectus for offers of the Notes. In relation to each Member State of the EEA (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State no offer of Notes to the public in that Relevant Member State may be made other than at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation; *provided that* no such offer of Notes shall require us or any Initial Purchaser to publish a prospectus pursuant to Article 1 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor any of the Initial Purchasers have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Listing Prospectus.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as such expression may be varied in the Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant Member State.

Each subscriber for or purchaser of the Notes in the Offering located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation. The Issuer, each Initial Purchaser and its affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the Offering.

References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of the UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

Notice to Investors in France

This Listing Prospectus has not been prepared in the context of a public offering (other than to qualified investors in France) within the meaning of Article L. 411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* (the French Financial Markets Authority) (the "**AMF**") and therefore has not been and will not be submitted for clearance to the AMF.

Consequently, the Notes are not being offered directly or indirectly in France except to qualified investors and this Listing Prospectus has not been distributed or caused to be distributed and will not be distributed or caused to be distributed in France except to qualified investors.

Offers, sales and distributions of the Notes have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) within the meaning of Article 2(e) of the Prospectus Regulation and in accordance with Articles L. 411-1 and L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*).

The direct or indirect distribution of the Notes in France of the Notes so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code (*Code monétaire et financier*).

Notice to Investors in the United Kingdom

This Listing Prospectus is not being distributed by, nor has it been approved by, an authorized person in the United Kingdom and is for distribution only to, and is directed solely at, (x) persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), or (iii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order and (y) any other persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This Listing Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Listing Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Listing Prospectus or any of its contents.

AVAILABLE INFORMATION

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this Listing Prospectus and any amendments or supplements to this Listing Prospectus. Each person receiving this Listing Prospectus and any amendments or supplements to this Listing Prospectus acknowledges that:

(1) such person has been afforded an opportunity to request from the Issuer, and to review and has received all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its decision to invest in the Notes; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

The Issuer is not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture that will govern the Notes, the Issuer will agree to furnish periodic information to the holders of the Notes. See "*Description of the Notes—Certain Covenants—Provision of Information*" and "*Listing and General Information*".

Information contained on our website is not incorporated by reference into this Listing Prospectus and is not part of this Listing Prospectus.

FORWARD-LOOKING STATEMENTS

This Listing Prospectus contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and the securities laws of other jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes", "estimates", "aims", "targets", "anticipates", "expects", "intends", "plans", "continues", "ongoing", "potential", "product", "projects", "guidance", "seeks", "may", "will", "could", "would", "should" or, in each case, their negative, or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. The absence of such terminology does not necessarily mean that a statement is not forward-looking. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Listing Prospectus and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, competition in areas of our business, outlook and growth prospects, strategies and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are based on potentially inaccurate assumptions and are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Listing Prospectus. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Listing Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those material differences include:

- our operation in a highly competitive industry and rapidly evolving markets;
- our exposure to economic and other trends;
- risks relating to the impact of the COVID-19 pandemic or other future pandemics on our operations;
- the seasonality of our business;
- the dependence of our sales on changing consumer preferences;
- our exposure to political and other business risks related to our international operations;
- the impact on retail sales of unforeseen catastrophic events, such as terrorist attacks, government-imposed lockdowns, civil unrest, disruptive geopolitical events or natural disasters;
- the impacts of climate change, climate change regulations and adverse weather conditions;
- our relations with our workforce and labor representatives;
- the risk of misappropriation of customer and employee data from our information systems;
- the risk of theft or misappropriation of funds and products in our stores and warehouses;
- our reliance on the reputation of, or value associated with, our brands;
- the risk of claims by third-parties on, or our failure or inability to protect, our intellectual property rights;
- adverse developments with respect to the safety and quality of our products and/or health concerns in the food industry in general;
- disruptions in the IT infrastructure that we use;
- increases in labor costs and social charges and changes to wage regulations;
- fluctuations in the availability and price of food ingredients and packaging material, as well as fluctuations in the price of electricity and fuel;
- conflicts of interest that may arise between our controlling shareholder and noteholders, particularly in light of our controlling shareholder's financial restructuring;
- our ability to implement our business strategy;

- our dependence on the development of new technologies, as well as the risks associated with our failure to anticipate or respond sufficiently quickly to changing technology or consumer preferences, to manage our inventory levels effectively or to forecast our product returns accurately;
- our reliance on third-party suppliers to produce the products we sell;
- the efficiency of our supply chain;
- risks related to our franchise model;
- risks related to the fact that certain of our subsidiaries are publicly listed companies, which we fully consolidate but are not fully owned by our Group;
- risks related to our joint ventures and trading partnerships, over which we do not have full control;
- our dependence on the services of key executives;
- risks related to our store leases and our ability to enter into leases for new stores on favorable terms and to find suitable locations for our stores or warehouses;
- the risk of incurring liabilities that are not covered by insurance;
- risks related to fluctuation in currency exchange rates;
- the risk of impairment of the Group's goodwill;
- risks associated with acquisitions and disposals;
- our operation in markets which have historically been predominantly price deflationary;
- changes in search engine algorithms and dynamics, or search engine disintermediation;
- risks associated with Cdiscount's status as a "hosting company";
- risks related to legal and regulatory matters;
- risks related to the Group's substantial indebtedness and its ability to meet its debt service obligations;
- risks related to the Notes; and
- the other factors described in more detail under "*Risk Factors*".

The foregoing factors and others described under "*Risk Factors*" should not be construed as exhaustive. Due to such uncertainties and risks, investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Listing Prospectus. We urge you to read the sections of this Listing Prospectus entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry*" and "*Business*" for more detailed discussions of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Listing Prospectus may not occur. Moreover, we operate in a very competitive and rapidly changing environment. We may face new risks from time to time, and it is not possible for us to predict all such risks; nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

The forward-looking statements are based on plans, estimates and projections as they are currently available to our management. We undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Listing Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

The financial information contained in this Listing Prospectus is taken from the Issuer's audited consolidated financial statements for the years ended December 31, 2017, 2018 and 2019, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the Issuer's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2020 prepared in accordance with IAS 34, the IFRS standard adopted by the EU for interim financial information, a free translation of which, in each case, is included elsewhere in this Listing Prospectus.

The Issuer's audited consolidated financial statements for the years ended December 31, 2017, 2018 and 2019 were subject to an audit by Ernst & Young et Autres and Deloitte & Associés, the Issuer's statutory auditors for those years. The Issuer's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2020 were subject to a limited review by Ernst & Young et Autres and Deloitte & Associés, the Issuer's statutory auditors for such period. The statutory auditors' report of Ernst & Young et Autres and Deloitte & Associés on the audited consolidated financial statements for the year ended December 31, 2019, without qualifying the audit opinion expressed therein, contains an emphasis of matter relating to Note 1.3 "Changes in accounting methods and restatement of comparative information" to the consolidated financial statements relating to the methods of application and the impacts of the first-time application of standard IFRS 16 "Leases", the impacts of the entry into force of interpretation IFRIC 23 "Uncertainty over income tax treatments", and the change of presentation of the costs of obtaining a contract. The auditors' review report of Ernst & Young et Autres and Deloitte & Associés on the unaudited interim condensed consolidated financial statements for the six months ended June 30, 2020, did not qualify the conclusions expressed therein or include an emphasis of matter.

We restated our previously published consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows as of and for the year ended December 31, 2018 in our audited consolidated financial statements as of and for the year ended December 31, 2019. This restatement was primarily to reflect the retrospective application of IFRS 16 – Leases, the classification of Leader Price within discontinued operations in accordance with IFRS 5, the finalization of the purchase price allocation for Sarenza, and a change in the method of presenting costs to obtain contracts. See Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

We restated our previously published consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows as of and for the year ended December 31, 2017 in our audited consolidated financial statements as of and for the year ended December 31, 2018. This restatement was primarily to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers. See Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2018.

We also restated our previously published consolidated income statement and consolidated statement of cash flows for the six months ended June 30, 2019 in our consolidated financial statements as of and for the six months ended June 30, 2020. This restatement was primarily to reflect the classification of Leader Price within discontinued operations in accordance with IFRS 5, a change in the method of presenting costs to obtain contracts and the definitive impacts of retrospectively applying IFRS 16 – Leases, recalculated once the Group's lease management software was in place. See Note 1.3 to our unaudited consolidated financial statements as of and for the six months ended June 30, 2020.

To facilitate the review of these periods and present our financial information in a comparable manner:

- where we present income statement information for the year ended December 31, 2018 alongside income statement information for the ended December 31, 2019, we present such restated income statement information for the year ended December 31, 2018 as it appears in our consolidated financial statements as of and for the year ended December 31, 2019;
- where we present income statement information for the year ended December 31, 2018 alongside income statement information for the year ended December 31, 2017, we present such income statement information for the year ended December 31, 2018 as it appears in our consolidated financial statements as of and for the year ended December 31, 2018;
- where we present income statement information for the year ended December 31, 2017, we present such income statement information on a restated basis as it appears in our consolidated financial statements as of and for the year ended December 31, 2018;

- where we present balance sheet information as of December 31, 2017 and 2018, we present such balance sheet information on a restated basis as it appears in our consolidated financial statements as of and for the years ended December 31, 2018 and 2019, respectively; and

- where we present income statement information for the six months ended June 30, 2019, we present such income statement information on a restated basis as it appears in our consolidated financial statements as of and for the six months ended June 30, 2020.

This Listing Prospectus also presents unaudited financial information of the Issuer for the twelve-month period ended June 30, 2020 which was calculated by adding the unaudited interim condensed consolidated financial information for the six months ended June 30, 2020 to the audited consolidated financial information for the year ended December 31, 2019 extracted from the audited consolidated financial statements as of and for the year ended December 31, 2019, and subtracting the unaudited interim condensed consolidated financial information for the six months ended June 30, 2019, as restated. The unaudited financial information of the Issuer for the twelve-month period ended June 30, 2020 has been prepared solely for the purposes of this Listing Prospectus, is not necessarily indicative of our results of operations for any future period, is not prepared in the ordinary course of business of the Issuer, and has not been prepared in accordance with the requirements of Regulation S-X under the Securities Act, the Prospectus Regulation or any generally accepted accounting standards.

We also present certain information as of and for the three months ended September 30, 2019 and 2020 and for the twelve months ended September 30, 2020 herein. This information has not been the subject of an audit or a limited review by our independent auditors. We have not included in this Listing Prospectus any financial statements relating to these periods.

Segment Information

We present certain financial information in this Listing Prospectus with respect to our reporting segments. In accordance with IFRS 8 – Operating Segments, our business is organized according to the following reporting segments:

- Our *France Retail* segment includes our French retail banners (including online sales associated with such banners, but excluding Cdiscount), our ancillary business activities in France and our Indian Ocean operations, which were sold in June 2020. For the twelve months ended September 30, 2020, our France Retail segment generated €15,631 million in net sales.

- Our *E-commerce* segment consists of our Cdiscount online retail business, which we hold through our approximately 79% economic interest (as of September 30, 2020) in Cnova N.V. and which is fully consolidated in our financial statements. References to the financial performance of Cdiscount in this Listing Prospectus refer to Casino's E-Commerce reporting segment. For the twelve months ended September 30, 2020, our E-commerce segment generated €2,011 million in net sales, and for the twelve months ended June 30, 2020, Cdiscount's GMV amounted to €4,092 million.

- Our *Latam Retail* segment includes our interests in the Latin American retail banners of GPA and Grupo Éxito. We held approximately 41% of the capital and voting rights in GPA as of September 30, 2020. GPA is fully consolidated in our financial statements based on our assessment that we have de facto control of GPA since (i) the remainder of GPA's shares are held by widely-dispersed shareholders and (ii) a majority of GPA's board of directors are directors we have nominated. For the twelve months ended September 30, 2020, our Latam Retail segment generated €15,152 million in net sales.

Changes in Consolidation Scope

As a part of our regular review of our stores' profitability, our strategy for developing our franchising model and expanding into market segments and formats that benefit from positive market trends and our objective for deleveraging, we have carried out a number of acquisitions and disposals of stores and businesses. During the periods under review in this Listing Prospectus, we have carried out a number of significant disposals, and as a result, we have, in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, classified certain assets as held for sale and classified income generated by certain businesses as attributable to discontinued operations. In addition, the presentation of our statement of financial position as of December 31, 2018 has been restated to reflect the reclassification of Leader Price within discontinued operations in accordance with IFRS 5 and the final purchase price allocation for Sarenza. For a discussion of changes in our consolidation scope during the periods under review, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Consolidation Scope*".

Adoption of Certain Accounting Standards and Comparability of Financial Information Presented in this Listing Prospectus

During the periods under review in this Listing Prospectus, we have adopted certain accounting standards that may have an impact on the comparability of the financial information presented herein. For a further description of these accounting standards and the impact of their adoption on our financial statements, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Accounting Methods*" and the notes to our consolidated financial statements included elsewhere in this Listing Prospectus.

IFRS 16 – Leases

IFRS 16 – Leases, which the IASB published in January 2016 and which became mandatory for companies reporting in IFRS from January 1, 2019, eliminates the distinction between operating and finance leases, and requires almost all leases to be recognized on the balance sheet. Under this new standard, an asset (the right to use the leased asset) and a financial liability, measured as the net present value of future lease payments, are recognized. Short term leases and low value leases are exempted. The new standard affects certain commonly used financial ratios and performance metrics because of its impact on the balance sheet and on the nature of the expenses related to leases, as rent expenses are substantially replaced with depreciation and finance costs.

We have applied the IFRS 16 standard from its mandatory adoption date of January 1, 2019. In the preparation of our financial statements as of and for the year ended December 31, 2019, we applied the full retrospective transition approach and have restated all comparative information as of and for the year ended December 31, 2018 in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. We have not, however, systematically restated our financial statements as of and for the year ended December 31, 2018 presented in this Listing Prospectus to give effect to IFRS 16.

In December 2019, the IFRS Interpretations Committee published its decision on (i) determining the enforceable period of an automatically renewable lease or a lease that can be terminated by either of the parties with no contractual penalty and (ii) the link between the useful life of non-removable leasehold improvements and the IFRS 16 lease term. This decision provides clarifications that may impact the term of leases other than the particular cases mentioned. In light of this decision, on July 3, 2020, the French accounting standards-setter (*Autorité des Normes Comptables* or the "**ANC**") issued a new position statement regarding French commercial leases that are described as "3-6-9" leases, because such leases are signed for at least nine years, with unilateral termination possible by the tenant after three or six years. This statement superseded the ANC's previous position statement of February 16, 2018. Although we had begun a further analysis of our leases in order to identify contracts whose initial accounting under IFRS 16 could be affected by the ANC's position statement, we had not yet completed this analysis as of the date of publication of our financial statements as of and for the six months ended June 30, 2020. For a further discussion of this decision, see note 1.1 to our unaudited consolidated financial statements as of and for the six months ended June 30, 2020 included in this Listing Prospectus.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts with Customers defines the principles for recognizing revenue and replaces IAS 18 – Revenue, IAS 11 – Construction Contracts and all related interpretations. The standard defines a single model for recognizing revenue, in five steps. It introduces new concepts and principles regarding the recognition of revenue, in particular the identification of performance obligations and the allocation of the transaction price for contracts with multiple performance obligations.

We decided to apply IFRS 15 from January 1, 2018 under the full retrospective approach, by restating comparative information. In view of the nature of our businesses, the application of the standard had no material impact on our previously published revenue and trading profit. Our discussion in this Listing Prospectus of our results of operations and cash flows for the year ended December 31, 2018 presents for the comparative period the restated amounts for the year ended December 31, 2017.

In connection with our adoption of IFRS 15, we changed the presentation of the income statement appearing in our consolidated financial statements beginning with our consolidated financial statements as of and for the year ended December 31, 2018, with a restated presentation of the comparative information as of and for the year ended December 31, 2017. We did not, however, restate our consolidated financial statements as of and for the year December 31, 2017 (which include a presentation of comparative information as of and for the year ended December 31, 2016). To facilitate the review of these periods and present our financial information in a comparable manner, where we present income statement information for the year ended December 31, 2017 alongside income statement information for the year ended December 31, 2018, we present such income statement information for the year ended December 31, 2017 restated for IFRS 15.

Presentation of costs of obtaining contracts

In 2019, we reviewed the presentation of costs to obtain contracts in our statement of financial position. Costs to obtain contracts, previously included in other current and non-current assets, have been included in other intangible assets in our audited annual consolidated financial statements as of and for the year ended December 31, 2019 and in our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020. We believe that this voluntary change of presentation improves the quality of our financial disclosures as it reflects the way in which this investment – related to the management of our franchise – is itself managed (i.e., as though we had acquired an intangible asset (the customer relationship)). In our income statement, costs to obtain contracts are now recognized over the term of the contract as an amortization expense within selling expenses and no longer as an expense within cost of goods sold. The amortization expense for the year ended December 31, 2018 amounted to €39 million (including the portion relating to Leader Price as a discontinued operation). The reclassification qualifies as a change of method and has therefore been applied retrospectively to 2018 in our audited annual consolidated financial statements as of and for the year ended December 31, 2019 as if the new presentation had been adopted as of the beginning of those periods. We have also restated our financial information as of and for the six months ended June 30, 2019 to reflect this change of method in our unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2020.

IAS 29 – Financial Reporting in Hyper-Inflationary Economies

Grupo Éxito conducts part of its business in Argentina, which has experienced hyper-inflation. Beginning on January 1, 2018, we have applied IAS 29 – Financial Reporting in Hyperinflationary Economies with limited retrospective application to address this issue in our financial statements. IAS 29 requires that the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies should be (i) restated by applying a general price index so that they are stated in terms of the measuring unit currency at the end of the reporting period and (ii) converted into euros at the period-end exchange-rate.

IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments defines new principles covering the classification and measurement of financial instruments, the recognition of impairment provisions for credit risk on financial assets and hedge accounting. We have applied IFRS 9 as from January 1, 2018 by recording the cumulative impact in opening equity at the transition date. In the aggregate, the changes resulting from our application of IFRS 9 are immaterial.

IFRIC 23—Uncertainty over Income Tax Treatments

IFRIC 23—Uncertainty over Income Tax Treatments explains how to reflect the effects of uncertainty in accounting for current and deferred tax assets and liabilities under IAS 12 – Income taxes.

We have applied IFRIC 23 as from January 1, 2019 using the modified retrospective method (that is, without a restatement of comparative information). The application of this interpretation did not result in any significant changes to the measurement of uncertain tax balances as of December 31, 2018. We also reclassified a number of statement of financial position items from "Provisions for risks and expenses" to "Current tax liabilities" and/or "Deferred taxes". These changes in presentation did not have a material impact.

Other Financial Measures

This Listing Prospectus contains certain financial measures and ratios, including underlying net profit/(loss), Group share, free cash flow before and after dividends and net interest paid, gross capital expenditure, net capital expenditure, trading profit, EBITDA, net debt, same-store sales, organic growth and certain leverage and coverage ratios that are not required by, defined under or presented in accordance with IFRS (the "**Non-IFRS Measures**"). The information presented by Non-IFRS Measures is unaudited and has not been prepared in accordance with IFRS.

We define the Non-IFRS Measures as follows:

- **Underlying net profit/(loss), Group share** corresponds to net profit/(loss) from continuing operations, adjusted for (i) the impact of other operating income and expenses, (ii) the impact of non-recurring financial items, (iii) income tax expense/benefit related to these adjustments, (iv) the application of IFRIC 23 – *Uncertainties about Tax Treatment* and (v) minority interests in underlying profit/(loss) (as defined below).

Non-recurring financial items consist of changes in the fair value of equity derivatives (such as total return swaps and forward contracts on CBD shares) and the effects of discounting tax liabilities in Brazil.

- **Minority interests in underlying profit/(loss)** represent the share of underlying net profit/(loss) attributable to non-controlling interests. This indicator is therefore equal to net profit from continuing operations attributable to non-controlling interests, adjusted for non-controlling interests in other operating income and expenses and the impact of non-recurring financial items, as well as income tax expense/benefits related to these adjustments and the application of IFRIC 23 – *Uncertainties about Tax Treatment* (see the definition of underlying net profit/loss, Group share).

  The Group uses these indicators to measure changes in recurring profit from operations.

- **Free cash flow before dividends and net interest paid** is defined by the Group as net cash from (used in) operating activities, as presented in the consolidated statement of cash flows, less net capital expenditure.

- **Free cash flow after dividends and net interest paid** is defined by the Group as free cash flow before dividends and net interest paid less dividends and net interest paid. The Group uses these indicators to measure cash flow arising from and used in operating activities. Management believes that free cash flow thus defined provides investors with additional perspective on cash flow available for debt repayments and acquisitions (and, in the case of Free cash flow before dividends and net interest paid, dividends), after accounting for net capital expenditures to support ongoing business operations, interest on borrowings and long-term value creation. Free cash flow is used to measure Group performance and overall liquidity. We present these indicators in this Listing Prospectus before and after giving effect to the Rocade Plan and the Asset Disposal Plan (as defined below), as applicable, in order to highlight the impact of these plans on our free cash flow.

- **Gross capital expenditure**, corresponds to “Cash outflows related to acquisitions of property, plant and equipment, intangible assets and investment property”, as presented in our consolidated statement of cash flows.

- **Net capital expenditure**, a component of Free cash flow before dividends and net interest paid and Free cash flow after dividends and net interest paid, corresponds to gross capital expenditure less “Cash inflows related to disposals of property, plant and equipment, intangible assets and investment property”, as presented in our consolidated statement of cash flows.

- **Trading profit** is defined as operating profit before other operating income and expenses. Other operating income and other operating expenses include certain items which, by definition, are not included in an assessment of a business unit’s recurring operating performance, such as gains and losses on disposals of non-current assets, impairment losses on non-current assets, and income/expenses related to changes in the scope of consolidation (for example, transaction costs and fees for acquisitions of control, gains and losses from disposals of subsidiaries, remeasurement at fair value of previously-held interests) and (ii) certain non-recurring items that would distort analyses of the Group’s recurring profitability. They are defined as significant items of income and expense that are limited in number, unusual or abnormal, whose occurrence is rare. Examples include restructuring costs (such as reorganization costs and the costs of converting stores to new concepts) and provisions and expenses for litigation and risks (including discounting adjustments). On a pre-IFRS 16 basis, trading profit includes operating lease expenses. On a post-IFRS 16 basis, trading profit does not include lease payments except for variable lease payments, leases for which the underlying asset is of low value and depreciation of the right-of-use asset.

- **EBITDA**, or earnings before interest, taxes, depreciation and amortization, is defined as trading profit plus recurring depreciation and amortization expenses included in trading profit (but excluding impairment of inventories and trade receivables, other receivables and provisions for litigation and risks included in trade profit). On a pre-IFRS 16 basis, EBITDA includes all operating lease expenses. On a post-IFRS 16 basis, EBITDA does not include lease expenses except for variable lease expenses and leases for which the underlying asset is of low value.

- **Adjusted EBITDA** represents EBITDA with a scope of consolidation as defined in the Group’s Term Loan B Facility Agreement, Revolving Credit Facility Agreement and the Senior Secured

Notes Indenture, pursuant to which the main adjustment is the inclusion of certain entities (including Segisor) in France Retail and E-Commerce, and their exclusion from Latam Retail.

- **Adjusted EBITDA including leases** corresponds to Adjusted EBITDA less the repayment of lease liabilities and interest paid on lease liabilities.

- **Gross debt** is defined as loans and other borrowings, less (i) financial assets arising from a significant disposal of non-current assets (including proceeds from certain asset disposals that have been deposited into the segregated accounts that have been established in accordance with the provisions of the Term Loan B Facility Agreement and the Senior Secured Notes Indenture), (ii) financial assets held for cash management purposes and as short-term investments and (iii) derivatives with a positive fair value designated as fair value hedges.

- **Adjusted gross debt** is defined as gross debt, with a scope of consolidation as defined in the Group's Term Loan B Facility Agreement, Revolving Credit Facility Agreement and the Senior Secured Notes Indenture, pursuant to which the main adjustment is the inclusion of certain entities (including Segisor) in France Retail and E-Commerce, and their exclusion from Latam Retail.

- **Net debt** is defined as loans and other borrowings including related derivatives with a negative fair value designated as fair value hedges, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives with a positive fair value designated as fair value hedges, (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to direct owners of the selling subsidiary.

- **Adjusted net debt** is defined as net debt, with a scope of consolidation as defined in the Group's Term Loan B Facility Agreement, Revolving Credit Facility Agreement and the Senior Secured Notes Indenture, pursuant to which the main adjustment is the inclusion of certain entities (including Segisor) in France Retail and E-Commerce, and their exclusion from Latam Retail. Unless otherwise indicated, adjusted net debt is presented before the impact of IFRS 5.

- **Same-store sales** is defined as described in "*Management's Discussion & Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results of Operations—Organic Growth and Same-Store Growth—Same-Store Growth*".

- **Organic growth** means is defined as described in "*Management's Discussion & Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results of Operations—Organic Growth and Same-Store Growth—Organic Growth*".

- **Gross merchandise volume ("GMV")**, with respect to our E-commerce segment, corresponds to sales, including tax, made directly on Cdiscount's websites and by independent marketplace merchants.

We present Non-IFRS Measures because we believe that they provide additional information that is useful to the market when analyzing the Group's underlying trends, as well as its performance and financial position. These indicators are also used by management to analyze performance. As they are not defined in any IFRS standard, they are not directly comparable with indicators with similarly titled measures reported by other companies. They are not intended to replace the IFRS indicators presented in the financial statements, nor should they be seen as more important.

Certain of the Non-IFRS Measures presented in this Listing Prospectus are based on a number of assumptions that are subject to inherent uncertainties subject to change, and they may differ from actual results for the relevant period. In addition, the preparation of such Non-IFRS Measures requires management to make judgments, estimates and assumptions that may affect the amounts presented for such Non-IFRS Measures in this Listing Prospectus.

Because of these limitations, the Non-IFRS Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our businesses or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on the IFRS consolidated financial statements and using these Non-IFRS Measures only to supplement your evaluation of our performance.

EBITDA as used in this Listing Prospectus is not calculated in the same manner as "Consolidated EBITDA", which is calculated pursuant to the Indenture as described under "*Description of the Notes*", or for the purposes of any of our other indebtedness.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. These standards also require management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to our consolidated financial statements included elsewhere in this Listing Prospectus.

Rounding

Certain figures contained in this Listing Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this Listing Prospectus may not conform exactly to the total figure given for that column or row.

Industry and Market Data

This Listing Prospectus contains statistical data, estimates and forecasts that are based on independent industry publications, such as those published in databases and reports by Euromonitor International Limited ("**Euromonitor**"), or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates or place undue reliance on this information. This information has been obtained from sources believed to be reliable, but some information may be derived from estimates or subjective judgments or may not have been subject to limited audit or validation. Neither we, nor Euromonitor, have independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information and make no guarantees as to the accuracy thereof. In addition, we believe that data regarding the industry and industry market and sales positions, shares, market sizes and growth provide general guidance but are inherently imprecise. The industry data presented in this Listing Prospectus related to the size of the Grocery Retail markets is based on data from Euromonitor International, Retailing 2020 edition. As per Grocery Retail definitions, 2019 estimates are based on partial-year information. All market sizing data is based on Retail Value RSP (retail selling price), excluding sales tax, and using EUR fixed exchange rates and constant prices. Market sizing data for E-commerce is as per Internet Retailing, Global Brand Owner ("**GBO**") market share, Retail Value RSP, excluding sales tax, and using EUR fixed exchange rates and current prices and 2019 estimates are based on partial-year information. None of the industry publications referred to in this Listing Prospectus were prepared on our or on our affiliates' behalf or at our expense. While we are not aware of any misstatements regarding any third-party information presented in this Listing Prospectus, Euromonitor's figures are based in part on official statistics, trade associations, trade press, company research, trade interviews and trade services, and as such have not been independently verified by Euromonitor in each case. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "*Risk Factors*", that could cause results to differ materially from those expressed in these publications and other publicly available information, including "*Forward-Looking Statements*" which are not guarantees of future performance. This Listing Prospectus also contains illustrations and charts derived from our internal information, which has not been independently verified unless specifically indicated.

Trademarks and Trade Names

We have proprietary and/or license rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. We do not intend our use or display of other companies' trademarks or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Each trademark, trade name or service mark of any other company appearing in this Listing Prospectus belongs to its respective holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this Listing Prospectus may be listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks, trade names and copyrights.

CERTAIN DEFINITIONS

The following terms used in this Listing Prospectus have the meanings assigned to them below (unless the context requires otherwise):

"**2021 EMTN Bonds**" .... means the notes due May 2021 issued by the Issuer, which currently bear interest at a rate of 5.98% per annum;

"**2022 EMTN Bonds**" .... means the notes due June 2022 issued by the Issuer, which currently bear interest at a rate of 1.87% per annum;

"**2023 EMTN Bonds**" .... means the notes due January 2023 issued by the Issuer, which currently bear interest at a rate of 4.56% per annum;

"**2024 EMTN Bonds**" .... means the notes due March 2024 issued by the Issuer, which currently bear interest at a rate of 4.50% per annum;

"**2025 EMTN Bonds**" .... means the notes due February 2025 issued by the Issuer, which currently bear interest at a rate of 3.58% per annum;

"**2026 EMTN Bonds**" .... means the notes due August 2026 issued by the Issuer, which currently bear interest at a rate of 4.05% per annum;

"**Agents**" .... means, collectively, the Paying Agent, the Transfer Agent and the Registrar, each as defined herein or identified on the back cover of this Listing Prospectus;

"**Agreed Security Principles**" .... means the agreed security principles annexed to the Senior Secured Notes Indenture, as interpreted and applied reasonably and in good faith by Quatrim;

"**Asset Disposal Plan**" .... means the Group's current plan to dispose of certain of its assets, valued at €4.5 billion in the aggregate;

"**BRL**" .... means the Brazilian real;

"**CAGR**" .... means compound average growth rate;

"**Casino Finance**" .... means Casino Finance S.A.;

"**Casino Existing Syndicated Credit Facilities**" .... means, collectively, the (i) multi-currency revolving credit facility maturing in February 2021 made available to the Issuer and Casino Finance through the multi-currency revolving credit facility agreement dated February 28, 2014, as amended from time to time, among, *inter alios*, the Issuer and Casino Finance as borrowers and the mandated lead arrangers and bookrunners named therein (the "**Casino 2014 Existing Syndicated Facility**"), under which the maximum amount that may be drawn at any time is €198 million and (ii) multi-currency revolving credit facility maturing in July 2022 made available to the Issuer and Casino Finance through the multi-currency revolving credit facility agreement dated July 26, 2017, as amended from time to time, among, *inter alios*, the Issuer and Casino Finance as borrowers and the mandated lead arrangers and bookrunners named therein (the "**Casino 2017 Existing Syndicated Facility**"), under which the maximum amount that may be drawn at any time is $25 million;

"**CBD**" .... means Companhia Brasileira de Distribuição, the parent Company of Grupo Pão de Açúcar;

"**Clearstream**"	means Clearstream Banking S.A.;
"**COP**"	means the Colombian peso;
"**CPF**"	means Casino Participations France S.A.S.;
"**Credit Facilities Collateral**"	means the collateral securing borrowings under the Term Loan B Facility and the Revolving Credit Facility;
"**DCF**"	means Distribution Casino France S.A.S.;
"**EONIA**"	means the Euro OverNight Index Average;
"**EURIBOR**"	means the Euro Interbank Offered Rate;
"**euro**", "**EUR**" or "**€**"	refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
"**Euroclear**"	refers to Euroclear Bank SA/NV;
"**European Economic Area**" or "**EEA**"	means the European Union, Iceland, Norway and Liechtenstein;
"**European Union**" or "**EU**"	means an economic and political union of 27 Member States, which are located primarily in Europe;
"**Eurozone**"	means the Member States of the European Union that have adopted the euro as their common currency and sole legal tender;
"**Exchange Act**"	means the U.S. Securities Exchange Act of 1934, as amended;
"**Existing Deeply Subordinated Perpetual Notes**"	means, collectively, the (i) €600 million in aggregate principal amount of Undated Deeply Subordinated Fixed to Constant Maturity Swap Floating Rate Notes issued by the Issuer on January 20, 2005 and February 15, 2005 (together, the "**2005 Deeply Subordinated Perpetual Notes**") and (ii) €750 million in aggregate principal amount of Undated Deeply Subordinated Fixed to Reset Rate Notes issued by the Issuer on October 24, 2013 (the "**2013 Deeply Subordinated Perpetual Notes**");
"**Existing EMTN Bonds**"	means, collectively, the 2021 EMTN Bonds, 2022 EMTN Bonds, 2023 EMTN Bonds, 2024 EMTN Bonds, 2025 EMTN Bonds and the 2026 EMTN Bonds;
"**GLA**"	means gross leaseable area;
"**GMV**"	means gross merchandise volume;
"**GPA**"	means CBD and its consolidated subsidiaries;
"**Grupo Éxito**"	means Almacenes Éxito S.A. and its consolidated subsidiaries;
"**IFRS**"	means International Financial Reporting Standards, as adopted by the European Commission for use in the European Union;
"**IGAS**"	means the French General Inspector of Social Affairs (*Inspection générale des affaires sociales*);

"**Incremental Term Loan B**"............... means the new term loan to be drawn by the Issuer on the Issue Date under the Term Loan B Facility Agreement in connection with the Refinancing;

"**Indenture**" .... means the indenture governing the Notes to be dated the Issue Date, among, *inter alios*, the Issuer and the Trustee;

"**Initial Purchasers**" .... means, collectively, BNP Paribas, J.P. Morgan Securities plc, Crédit Agricole Corporate and Investment Bank, HSBC Continental Europe, BofA Securities Europe SA, Citigroup Global Markets Limited, Goldman Sachs International, Natixis and Société Générale;

"**Intercreditor Agreement**" .... means the intercreditor agreement dated November 20, 2019, among, *inter alios*, the Issuer, the trustee for the Senior Secured Notes, the agent, security agent and the lenders under the Revolving Credit Facility and the agent and the lenders under the Term Loan B Facility;

"**ISIN**" .... means International Securities Identification Number;

"**Issue Date**"... means the date of issuance of the Notes;

"**Issuer**" or "**CGP**"............................... means Casino, Guichard-Perrachon S.A.;

"**Leader Price Disposal**" .... means the sale of certain Leader Price stores and warehouses to Aldi France as further described in "*Summary—Recent Developments—Leader Price Disposal*";

"**Listing Agent**" .... means Banque Internationale à Luxembourg S.A.;

"**Member State**" .... means a member state of the European Union;

"**Monoprix Existing Syndicated Credit Facility**" .... means the revolving credit facility maturing in July 2021 made available to Monoprix S.A.S. pursuant to a revolving credit facility agreement dated July 9, 2014 among, *inter alios*, Monoprix S.A.S. as borrower, Crédit Agricole Corporate and Investment Bank and Natixis as coordinators and the mandated lead arrangers, lenders and bookrunners named therein, under which the maximum amount that may be drawn at any time is €111 million;

"**Notes**"... means the €400 million in aggregate principal amount of 6.625% senior notes due 2026 offered hereby;

"**November 2020 Tender Offer**" .... means the repurchase and cancellation of certain of the Existing EMTN Bonds through a tender offer conducted in November 2020;

"**Offering**".. means the offering of the Notes hereby;

"**Other Existing Syndicated Credit Facilities**"................................. means, collectively, the Casino Existing Syndicated Credit Facilities and the Monoprix Existing Syndicated Credit Facility;

"Paying Agent" .... means Citibank, N.A., London Branch;

"phygital" .... means a combination of physical and digital;

"Quatrim" .... means Quatrim S.A.S., the issuer of the Senior Secured Notes;

"Registrar" .... means Citibank, N.A., London Branch;

“**Refinancing”**...................................... means the offering of the Notes, the entry into the Incremental Term Loan B and the use of proceeds therefrom together with cash on hand from the Leader Price Disposal and from the Segregated Account, as described in “*Summary—The Refinancing*”;

“**Revolving Credit Facility”** .... means the senior secured revolving credit facility in an initial aggregate amount of €2.0 billion established under the Revolving Credit Facility Agreement;

“**Revolving Credit Facility Agreement”** .... means the credit agreement in relation to the Revolving Credit Facility dated November 18, 2019, among *inter alios*, the Issuer, Casino Finance, Monoprix S.A.S. and the lenders and agents named therein;

“**RSV”** .... means retail sales value;

“**Securities Act**”................................... means the U.S. Securities Act of 1933, as amended;

“**Segisor**” .... means Segisor S.A.S.;

“**Segisor Credit Facility**” .... means the €400 million term loan facility made available to Segisor pursuant to a facility agreement dated June 15, 2018 among, *inter alios*, Segisor, as borrower, and Crédit Agricole Corporate and Investment Bank, as Mandated Lead Arranger, Bookrunner, Agent and Security Agent of which €188 million was outstanding as of September 30, 2020;

“**Segregated Account**”.......................... means collectively (i) the cash and securities accounts held by Quatrim, which form part of the collateral for the Senior Secured Notes, and to which the proceeds of sales of certain real estate-related assets are credited from time to time and which may only be used to redeem or repurchase Senior Secured Notes in accordance with the terms of the Senior Secured Notes Indenture; and (ii) the cash and securities accounts held by the Issuer, which form part of the collateral for the Revolving Credit Facility and the Term Loan B Facility, and to which the proceeds of certain asset sales and debt issuances are credited from time to time and which may only be used to repay indebtedness under the Revolving Credit Facility, the Term Loan B Facility, the Other Existing Syndicated Credit Facilities, the Segisor Credit Facility, the Senior Secured Notes and the Existing EMTN Bonds which have a final maturity date prior to the final maturity date of the Senior Secured Notes.

“**Senior Secured Notes**” .... means the €800 million in aggregate principal amount of 5.875% senior secured notes due January 2024 issued on November 20, 2019 by Quatrim;

“**Senior Secured Notes Collateral**” .... means the security interests securing the obligations of Quatrim under the Senior Secured Notes;

“Senior Secured Notes Guarantees” .... means the guarantees of the Senior Secured Notes by the Senior Secured Notes Guarantors;

“**Senior Secured Notes Guarantors**” .... means, collectively, the Issuer, CPF, DCF, Monoprix S.A.S., Casino Finance and Segisor;

“**Senior Secured Notes Indenture**” .... means the indenture governing the Senior Secured Notes, dated November 20, 2019, among, *inter alios*, the Issuer and the Trustee;

“**Syndicated Credit Facilities**” .... means the Revolving Credit Facility, the Term Loan B Facility, the Incremental Term Loan B and the Other Existing Syndicated Credit Facilities;

“**Term Loan B Facility**”....................... means the €1,000 million term loan B facility established under the Term Loan B Facility Agreement;

“**Term Loan B Facility Agreement**”... means the credit agreement in relation to the Term Loan B Facility dated November 18, 2019, as amended from time to time, among *inter alios*, the Issuer and the lenders and agents named therein;

“**Tevir**” .... means Tevir S.A.S.;

“**Transactions**” .... means, together, periodic at the market purchases of the Existing EMTN Bonds, the November 2020 Tender Offer and the Refinancing;

“**Transfer Agent**” .... means Citibank, N.A., London Branch;

“**Trustee**” .... means Citibank, N.A., London Branch, as trustee under the Indenture;

“**United States**” **or** “**U.S.**” .... means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; and

“**we**”**,** “**our**”, the “**Group**” and “**us**”...... unless otherwise indicated, collectively refer to the Issuer and its direct and indirect subsidiaries, taken as a whole.

SUMMARY

This summary contains basic information about us and the Refinancing, and highlights information contained elsewhere in this Listing Prospectus about the Refinancing and our business, financial performance and prospects. This summary does not contain all of the information that may be important to you in deciding to invest in the Notes and it is qualified in its entirety by the more detailed information and financial statements included elsewhere in this Listing Prospectus. You should read the entire Listing Prospectus, including the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry" and "Business" as well as the financial statements and related notes contained in this Listing Prospectus before making an investment decision.

Overview

We are a leading major multi-format, multi-banner and multi-channel retailer with over 120 years of history, offering a diverse range of products and services to customers primarily located in France and, through our interest in GPA, in Latin America. We offer both brand-name and private label food and consumer products through traditional retail stores as well as e-commerce food and non-food websites and apps. We also provide business-to-business and business-to-consumer services through our portfolio of complementary lines of business.

Our retail banners operate under formats which aim to adapt to current consumer trends and needs across the various geographies in which we operate. Our premium retail format offers many innovative services and a high-quality shopping experience. Our convenience retail format is adapted to both city centers and rural areas, offering everyday basics to meet the expectations of customers searching for quality, authenticity and service. Our hypermarket and cash & carry and discount retail formats offer a wide range of quality products at affordable prices. We believe most of our banners enjoy leading market positions in most of our markets.

We have a strong focus on innovation and have developed an omni-channel offering that we believe has favorably positioned us to respond to evolving consumer trends. We have developed partnerships with leading innovators such as Amazon (their first and only partnership in France to date) and Ocado in order to provide best-in-class digital offer and grocery delivery services in France. We also offer customers in France hundreds of stores with autonomous solutions that provide a convenient and seamless retail experience, allowing customers to shop in the evening or on Sunday without the need to go through a physical checkout. Our pure-play e-commerce platform, Cdiscount, is the second largest non-food e-tailer in France by number of unique monthly visitors ("**UMV**"), and has allowed us to offer a range of adjacent business-to-consumer and business-to-business services. In France, Brazil and Colombia, our brick-and-mortar retail banners benefit from mobile applications and other e-commerce functionality that allow us to provide targeted promotions to our customers and give our customers the flexibility to shop how they want, when they want.

We have developed a number of other complementary lines of business that allow us to leverage our know-how while monetizing our asset base. Through our subsidiary, GreenYellow, we have become a leader in photovoltaic energy and energy efficiency with a diverse customer portfolio and an ever-expanding platform of innovative energy solutions. In addition, these businesses also include real estate development and shopping center management, consumer finance and, in France specifically, digital advertising and data center solutions via relevanC and ScaleMax, respectively.

We operate primarily in France and, through our interest in GPA, in Latin America, although through Cdiscount and a number of international affiliates, we provide products and services to customers in other international markets.

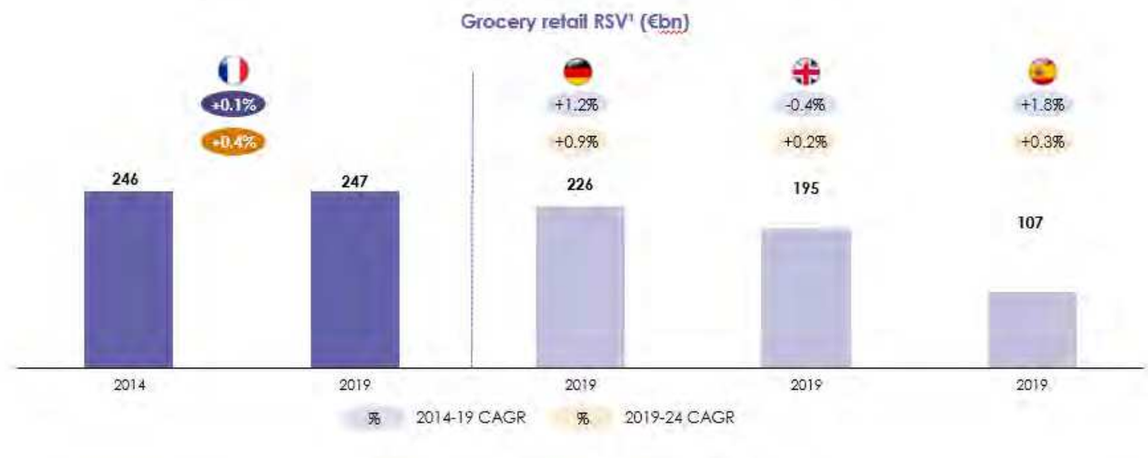
For the twelve months ended September 30, 2020, we generated €32,794 million in net sales and €2,595 million in EBITDA and our France Retail and E-commerce segments recorded net sales of €17,642 million and EBITDA of €1,574 million.

Our Competitive Strengths

Leading position in the French food retail market through structurally well-positioned formats, attractive consumer offering and digitalization

We believe that we are poised to take advantage of a number of favorable consumer trends in French food retail as an already established market leader positioned in dynamic geographic areas and growing market segments that have shown resilience in the face of the COVID-19 pandemic.

We hold leading positions in the French food retail market, the largest grocery retail market in Western Europe in terms of retail sales value ("**RSV**") (based on partial-year information at a fixed euro exchange rate and with retail value measured by retail selling price, excluding sales tax), according to Euromonitor International. The RSV of the French grocery retail market (in nominal terms and applying a constant 2019 exchange rate) has grown at a CAGR of 0.1% between 2014 and 2019, and is projected to grow at a CAGR of 0.4% between 2019 and 2024. The graph below shows the growth in the RSV of the French grocery retail market from 2014 to 2019, the RSV and its historical growth rate in the German, British and Spanish grocery retail markets, and their respective projected growth rates between 2019 and 2024, according to Euromonitor International.



(1) Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, Retail value RSP, excluding sales tax, euro fixed exchange rate.

According to Euromonitor International, we are the sixth largest modern grocery retailer in France, with a market share of approximately 8.6% in 2019 (based on partial-year information at a fixed euro exchange rate retail value measured by retail selling price, excluding sales tax). As of September 30, 2020, we had a network of 7,564 stores in France within a diversified portfolio of 11 complementary banners, each with different strategies to meet changing consumer expectations. Our portfolio of banners in France is particularly focused on convenience and premium formats, which accounted for over 54% of our net sales for the twelve months ended September 30, 2020 and address growing demand from French consumers. Approximately 69% of our France Retail net sales for the year ended December 31, 2019 were generated in three of the fastest growing regions of France – the Ile-de-France, Rhône-Alpes and Provence-Alpes-Côte d'Azur regions – whose combined population accounted for 39% of the total French population and approximately 49% of France's GDP growth according to the latest data available for 2019. As of the end of 2018, we had approximately 1,400 stores in the Paris area, whose population accounted for roughly 18% of the French population as of January 1, 2020. The map below shows our net sales in each of these key regions as of December 31, 2019.

In addition, we are the major French food retailer with the smallest exposure to the declining hypermarket format (which accounted for 26% of our France Retail net sales for the twelve months ended September 30, 2020). Finally, we have over €1.2 billion in net sales from organic products over the twelve months ended September 30, 2020, up from approximately €1 billion in net sales for the year ended December 31, 2018. We offer a large range of organic and free of pesticide products and intend to further leverage our specialized Naturalia stores to develop broad organic offerings across all of our banners. In the third quarter of 2020, our organic sales represented 9% of our total France Retail net sales, reflecting growth of 8% compared to the prior quarter.

The table below shows the expected CAGR of the French grocery RSV for different formats between 2019 and 2024, the position of our various formats and banners within the French market and their contribution to our French Retail net sales for the twelve months ended September 30, 2020.

Format	France grocery retail market RSV CAGR 19-24[2]	% Casino France Retail net sales[1]	Main Casino banners	Casino's ranking[2]
Convenience & Other[3]	1.5%[7]	54% (o/w other 6%)	MONOPRIX (incl. NATURALIA) franprix SPAR monop' Vival Le Petit Casino	#2[2,4]
Supermarkets	0.5%	20%	Casino supermarché	#4[2,6]
Hypermarkets[5]	(1.0)%	26%	Géant Casino	#7[2]

Source: INSEE, Company information, Euromonitor International, Retailing 2020 edition

(1) As of September 30, 2020.

(2) Sourced from Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, GBO market share, Retail value RSP excluding sales tax, euro fixed exchange rate. 2019 estimates are based on partial-year information.

(3) Convenience segment includes other activities, which mainly includes Vindémia that has been sold as of June 2020.

(4) Ranking based on Euromonitor Convenience Store category. Casino banners classified as Convenience stores by Euromonitor include Vival, Monop', Casino Shop and Le Petit Casino. There is no available market share information on organic formats. As a result we believe that our market share in the Proxi and premium segments are therefore segment is underestimated. We also include the SPAR banner into the Convenience store category.

(5) Hypermarket statistics for Casino exclude Cdiscount counter shops.

(6) Ranking based on Euromonitor Supermarkets category – Casino banners classified as supermarkets by Euromonitor international include: Monoprix, Franprix, and Casino Supermarkets.

(7) "Convenience store & other" forecast growth refers to Euromonitor's forecast growth for Convenience category only.

We believe that the French food retail market is characterized by a number of demographic characteristics that are favorable for food retailers like our Group. These trends include a growing and aging French population, as well as increasing urbanization favoring retailers that have a highly concentrated network of stores in towns and cities.

Furthermore, consumers are increasingly leaning toward high-quality, organic goods, leading to a stronger emphasis on the premium end of the market, in particular in dynamic regions. We believe this is favorable for retailers like us, with a diverse range of banners and an already strong position in sales of organic products.

Growth in the French food retail market is moderate, but marked by a strong polarization of format performance, with convenience store net sales expected to grow at a CAGR of 1.5% between 2019 and 2024, supermarket net sales expected to grow at a CAGR of 0.5% and hypermarket net sales (according to Euromonitor) expected to decline by a CAGR of 1.0% between 2019 and 2024. In light of our strong focus on the convenience and premium formats and our low exposure to the hypermarket format, which has further been reduced in recent years, we expect to benefit from the trends favoring supermarkets and convenience formats when compared with our main competitors.

During 2020, we have continued to focus on developing our premium and convenience formats, with 105 store openings in the first nine months of 2020 (with a target of 300 store openings by the end of 2021), in addition to the 213 new stores already opened in 2019. We are also pursuing the development of non-food corners, particularly at Franprix through our partnerships offering Hema, Cdiscount and Decathlon products in Franprix stores, which have been integrated into 134, 45 and 19 stores, respectively, as of September 30, 2020.

We have further enhanced our brick and mortar French food retail operations with a number of digital initiatives. For example, each of our principal French retail banners has a mobile application enabling customers to do their shopping or monitor their loyalty card online. As of December 31, 2019, our banners' applications have been downloaded approximately 10 million times. Subscribers of our Casino Max Extra offer, who benefit from a 10% discount on all purchases in exchange of a monthly or annual subscription, generated approximately 10% of our hypermarket and supermarket net sales for the six months ended June 30, 2020. Furthermore, we have implemented a number of digital solutions to enhance our customers' shopping experience, such as integrating mobile payments, digital receipts and scan and go solutions through the Monoprix and Casino Max mobile apps. Our banners' apps also allow individual marketing capabilities, with personalized, targeted coupons and discounts, which we believe is a key distinguishing factor from most of our competitors.

Innovation is also central to the development of our Casino Supermarkets banner. In 2018, the banner opened a unique store concept in Paris, "Le 4 Casino", combining physical and digital retail and a place to relax and socialize. Casino Supermarkets are rapidly developing omni-channel and e-commerce initiatives, such as drive & collect, click & collect or home delivery. We also work constantly to enhance the customer experience through the roll-out of new digital solutions, particularly through the Casino Max app, which covers our supermarket, hypermarket and convenience networks.

As of September 30, 2020, 477 of our stores had autonomous solutions (compared to 305 as of the end of 2019), enabling them to operate without the presence of full retail staff, including in the evening and on Sundays. As of September 30, 2020, digitalization of our customer experience further increased with 51% of payments at hypermarkets and 44% of payments at supermarkets carried out by smartphone or automatic checkout.

Our strategic positioning has enabled us to take advantage of consumer trends in the French food retail market that have been accelerated by the two lockdowns resulting from the COVID-19 crisis. We believe that the concurrent social distancing measures and government-imposed lockdowns boosted at-home consumption as individuals increasingly worked from home and reduced outdoor dining, resulting in an unprecedented growth in demand for food retailing in the first half of 2020, particularly for the Group's proximity formats (convenience and urban stores) and food retail sales through e-commerce channels. As an omni-channel retailer, we have been able to benefit from a first-mover advantage in addressing increased customer demand for food retail e-commerce offerings, which we believed already had the potential to grow significantly in France and demonstrated increased growth as a result of the lockdowns and social distancing measures put in place to confront the health crisis. In 2020, demand on our food e-commerce sites has been particularly high. Food e-commerce sales generated triple-digit growth in the second quarter of 2020 with the deployment of click & collect and home delivery solutions in urban and convenience formats. Food e-commerce orders were up by 50% from approximately 6,500 orders before the crisis to approximately 10,000 orders per day at the end of the first half of 2020.

Best-in-class food and non-food e-commerce platform

We believe that our Group has one of the most comprehensive e-commerce offerings among retailers in France, including as a French leader in non-food e-commerce through our subsidiary, Cdiscount.

Food e-commerce innovator

As a pioneer in food e-commerce, we have developed significant expertise in home delivery by forging broad and strategic partnerships with leaders in the sector, enabling us to provide best-in-class home delivery solutions through a profitable e-commerce model with lower preparation costs. These partnerships cover two different market segments: next-day delivery for a wide range of products and express delivery in under two hours for a select range of products.

Our expertise in next-day delivery has been facilitated by the exclusive partnership that began in 2017 between Monoprix and Ocado, pursuant to which an automated warehouse based on Ocado technology, the Casino O'logistique warehouse, was built in early 2020. The Casino O'logistique warehouse, which was launched in May 2020, is designed to prepare and provide next-day delivery of Monoprix shopping baskets in Paris and areas of the Île-de-France region covering approximately 75% of that region's population, as well as parts of Normandy and the Hauts-de-France region. This disruptive and internationally sought after technology can prepare a basket of 50 items in only six minutes, offering Monoprix and Casino online customers a vast assortment of food products and the very best in service and affordability. In addition, on September 30, 2020, the O'logistique warehouse extended its activity to customers of Casino Supermarkets and Géant Casino banners.

Our next-day delivery e-commerce offering was enhanced in 2018 with the beginning of a partnership with Amazon for express delivery of a select range of products within two hours for customers in Paris. This partnership has expanded to allow Amazon Prime Now customers access to a wide offering from Monoprix and Naturalia, as well as a large range of our Casino private-label items. As of December 31, 2019, the Monoprix store available on Amazon Prime Now included more than 6,000 items, including approximately 1,500 private-label products, and the Naturalia store on Amazon Prime Now included approximately 2,000 products. This delivery option has also expanded geographically, covering the Greater Paris Region, the Côte d'Azur (Nice and surrounding towns), Lyon and Bordeaux.

We have also leveraged our brick-and-mortar presence to provide logistics solutions for our customers, including in food e-commerce. Our O'logistique warehouse automated with Ocado technology began operating in March 2020 and was open for public orders in May 2020. We can generate up to approximately €500 million in sales per warehouse, offering customers approximately 50,000 SKUs. In addition, we offer a full range of local home delivery options, click & collect and drive-up service at our hypermarkets and supermarkets.

Cdiscount: a national champion in non-food e-commerce

Through our Cdiscount subsidiary, we are the second largest player in non-food e-commerce in France. Cdiscount is a subsidiary of our e-commerce unit, Cnova, in which we directly hold an approximately 65% economic interest. With more than 22 million UMVs on average over the third quarter of 2020, Cdiscount has achieved critical mass, meaning it is able to gradually shift from exclusively B2C operations to a business model more oriented toward the B2B market, due to the development of its marketplace. This transition is a key factor in developing Cdiscount's profitability. For the twelve months ended June 30, 2020, Cdiscount's GMV reached €4,092 million, up 4.9% as compared to the year ended December 31, 2019.

Cdiscount features a wide array of products, with more than 91 million product offerings, including in the home appliances, furniture, IT and culture categories. For the three months ended September 30, 2020, the Cdiscount marketplace represented 45% of its GMV, with a target to reach 50% of GMV in the medium-term. Cdiscount also offers an ever-expanding range of services for individuals, including holiday packages, ticketing, energy plans, as well as health and financial services. Providing retail and service offerings to customers in 27 countries in Europe, Cdiscount has excellent international coverage. In 2019, Cdiscount entered into an alliance with three other European marketplaces, called the International Marketplace Network (IMN), to synchronize marketplace merchant offers and strengthen expansion outside France, giving Cdiscount access to roughly 230 million customers. Furthermore, Cdiscount is also developing a new Marketplace as a Service (or MaaS) offer to address European e-commerce websites.

Track-record of growth and value creation from new businesses

To effectively respond to market changes, we continuously adjust our model and have developed new adjacent activities with strong growth prospects that complement our business as a retailer. These activities fall into two categories: energy, through our specialized subsidiary, GreenYellow, and data and data centers, through our subsidiaries relevanC and ScaleMax.

Photovoltaic power and energy efficiency: GreenYellow

In 2007, we launched a new business in photovoltaic energy and energy efficiency through our subsidiary, GreenYellow, which capitalizes on our expertise in the real estate sector through our property development, construction and operation activities, as well as the favorable geographic location of our stores, mainly those located in sunny regions. Initially dedicated to managing internal energy costs, particularly through the roll-out of photovoltaic systems on the rooftops and in the car parks of our hypermarkets and supermarkets, the business has gradually developed to offer a wide range of energy solutions for external customers, benefitting from strong green energy momentum. It has three areas of expertise: the installation of photovoltaic plants and solar energy production, energy efficiency solutions and energy monitoring services. GreenYellow's cross-cutting expertise, from both an ecological and economic standpoint, means it is able to provide its private and public customers with a wide range of solutions to produce, manage and optimize their energy consumption.

Although GreenYellow is primarily positioned in France, it has extensive operations in 17 different countries outside France throughout Latin America, Asia and Africa. GreenYellow's customer portfolio is diverse, offering services to a broad range of customers, including public authorities, private players and individuals. It offers an ever-expanding and wide platform of innovative solutions, such as direct-to-customer natural gas offerings to Cdiscount customers, energy efficiency contracts signed with retailers in Brazil, a floating 6 MWp solar power plant in Thailand, a 1.5 MWp project completed in Cambodia and a hybrid system of solar power generation in Africa. GreenYellow has become a leading energy operator and intends to position itself as the energy partner of choice for companies and public authorities.

In order to further ramp up its development, in 2018, GreenYellow opened its capital to external investors Tikehau Capital and Bpifrance through a €150 million capital increase, following which they now hold 24% of GreenYellow's capital. In addition, in 2018, GreenYellow created a joint venture with Engie named Reservoir Sun, dedicated to solar self-consumption for businesses and municipalities in France, and in 2019, signed a new partnership agreement with Allego to deploy France's largest network of ultra-fast electric vehicle charging stations. For the year ended December 31, 2019, GreenYellow generated an EBITDA of €76 million.

In the first half of 2020, GreenYellow continued to develop and expand, with the signing of its 100th photovoltaic contract in Thailand, as well as a new 12MWp photovoltaic contract in South Africa, a strategic growth geography for GreenYellow. Most recently, GreenYellow entered into an energy efficiency contract for a major South African food retailer for five of its retail stores. As of September 30, 2020, it benefited from a pipeline for projects equivalent to 543 MWp, increased from 451 MWp as of December 31, 2019 and 200 MWp as of December 31, 2018.

Data and data centers: relevanC and ScaleMax

We have access to targeted, high-quality customer data due to our vast network of brick-and-mortar stores and high volume of e-commerce customer traffic.

We have developed a consistent monetization strategy for such data, which has become a key intangible asset for retailers looking to understand consumers' tastes and aspirations, and to anticipate upcoming changes in consumer habits. In 2018, we created 3w.relevanC, a subsidiary dedicated to the consumer data business, specialized in three areas: analyzing purchasing behavior, activating advertising campaigns and measuring the impact of offline campaigns.

In February 2020, 3w.relevanC combined with Maxit, our "digital factory" that focused on technology innovation for our various banners, to form relevanC, which has grown to be a key player in digital marketing. RelevanC provides brands and retailers with customer acquisition and retention solutions, based on targeting strategies and impact measurement, via two divisions: advertising and retail tech. RelevanC's advertising division offers clients media and marketing solutions, enhanced by transactional data, insights and measurements, to help clients meet the multi-channel marketing challenges with their target shoppers, while the retail tech division offers clients technological solutions to enable them to optimize the performance of their marketing campaigns through the use of data to personalize the customer relationship.

RelevanC is focused on developing strategic partnerships with key industry players, such as through its partnership with Orange Advertising, pursuant to which it measured the impact on of television advertising on customers' buying habits. RelevanC is in the process of implementing an automated platform for managing and monitoring advertising campaign budgets to help speed up the acquisition of new clients. For the twelve months ended September 30, 2020, relevanC generated gross sales of €83 million. RelevanC has continued to enjoy good momentum, with gross sales under banner reaching €24 million in the third quarter, a year-on-year increase of +27%, compared to €67 million in for the year ended December 31, 2019 and €14 million for the year ended December 31, 2018.

Additionally, in December 2018, we positioned ourselves on the cloud computing market through the creation of a joint venture, ScaleMax, alongside Qarnot Computing. ScaleMax aims to run new-generation data centers in unused spaces, such as those located in warehouses and storerooms. ScaleMax opened its first data center in the Greater Paris region (Réau, Seine-et-Marne) in a Cdiscount warehouse. This business helps the Group generate revenue through the sale of computing power to a diversified client portfolio. In addition, the installed servers generate heat, which can be used to heat the buildings where they are housed. The green energy generated by these servers is managed by GreenYellow.

Since its inception, ScaleMax has successfully doubled its computing capacity. As of June 30, 2020, over 26,000 cores had already been deployed for customers other than Group entities. In addition, ScaleMax has secured contracts with a broad range of clients, including several banking clients, start-ups specialized in artificial intelligence and 3D animation studios. In the third quarter of 2020, ScaleMax continued to expand its customer portfolio, signing a new contract with Illumination Mac Guff, an animated film production company that belongs to Universal Pictures. During the COVID-19 lockdown period, ScaleMax was able to make computing capacity available to the Folding@home project for research against COVID-19.

High-growth operations in attractive Latin American markets

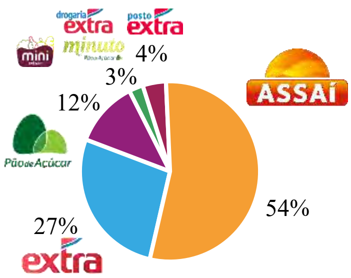
Through our interest in GPA, which in turn owns Grupo Éxito, we have a highly developed network of retail banners in a number of attractive formats in Brazil, Colombia, Argentina and Uruguay. The Latin American business benefits from attractive markets with strong underlying macroeconomic trends, including a growing population of over 300 million, which is favorable for food retailers. As an established player in these markets, we believe we stand to benefit from the favorable demographics of these countries, combined with their fundamentally strong economies. Through the Latam Reorganization Transactions, we recently simplified our holding structure in Latin America, and are currently studying the possibility of further simplifying our structure in Latin America to unlock further value in our Latin American business. Despite a high rate of urbanization, the penetration rate of modern grocery stores in these markets remains relatively low. As a result of this, as well as the rapid development in these countries of digitalization and urbanization rates, we expect rapid structural changes in the region. In this context, we believe that retail groups like ours with extensive digital know-how and omni-channel capabilities are especially well-positioned to benefit from growth in Latin America, where digital media has had an extensive impact.

In Brazil, GPA was the largest player in grocery retail and one of the largest players in the cash & carry market through its Assaí banner in 2019, with net sales of €11,368 million for the twelve months ended September 30, 2020. As of September 30, 2020, GPA had a network of 1,054 stores throughout the country, through both its Assaí and Multivarejo segments. GPA is active across various formats, channels and regions of Brazil. As of November 27, 2020, the market value of Casino Group's share in GPA was €1.2 billion (based on GPA's share price and the spot foreign exchange rate between the euro and the Brazilian real on that date).

We are currently studying the possibility of further simplifying our structure in Latin America to increase our strategic focus and enhance valuation, through a potential spin-off of Assaí.

The chart below shows GPA's Brazilian banners as of September 30, 2020 and their respective contribution to GPA's net sales for the twelve months ended September 30, 2020.

GPA sales breakdown by format
(LTM Sep-20)



In 2019, Assaí, GPA's cash & carry banner, was one of the country's largest players in this segment based on market share, according to Euromonitor International's Retailing 2020 edition. Assaí has shown organic growth in net sales of 28% per annum in the last six and a half years. For the twelve months ended September 30, 2020, Assaí's net sales accounted for 54% of GPA's total net sales, an increase from 51% for the year ended December 31, 2019 and 24% for the year ended December 31, 2014. GPA continues to pursue the profitable expansion of Assaí stores, with 42 store openings in the two years ended September 30, 2020, and include 176 stores to date. In addition, GPA also conducts its retail business through its Multivarejo segment, offering customers a wide range of products and services through various formats and banners. In 2020, GPA's hypermarkets showed strong development of online sales, with a sequential increase in EBITDA margin of 1.9 points as compared to the end of 2019, with improved sales and gross margins.

.In an effort to realize Assaí's full potential on a standalone basis, as of September 2020, GPA launched a study to spin-off Assaí. This would enable Assaí, on the one hand, and GPA and Éxito, on the other, to focus on their respective business models and the opportunities in their respective markets, as well as eliminating corporate inefficiencies and allowing for effective capital allocation. We believe this will allow us to unlock additional value from the rapidly expanding cash & carry banner. For more information about the potential spin-off of Assaí, see "*—Our Strategies— Optimal positioning to take advantage of strong underlying growth in Latin America*".

GPA is also a pioneer in food e-commerce, digital transformation and innovation in Brazil. Its digital initiatives include:

- James Delivery: In December 2018, GPA acquired 100% of the startup that operates the application James Delivery, a multiservice platform for ordering and delivering various products. As of December 31, 2019, James Delivery expanded its delivery service offering to 19 cities.
- Digital loyalty program: The "My Discount" mobile application, which enables customers to access and use customized coupons, represents a large portion of GPA's customers registered under loyalty programs.
- Cheftime: At the end of 2018, GPA entered into a partnership with Cheftime, a pioneering foodtech startup that sells individual gastronomic kits and offers customers an online subscription service. Implemented under the Pão de Açúcar banner, Cheftime sold over 200,000 kits in 2019.
- Partnerships with startups: GPA has created an internal lab to reinforce its cooperation with startups and achieve increased speed and efficiency in its product launches.
- Microsoft: GPA has entered into a partnership with Microsoft to design a new store model, with sensors capable of interacting with its banners' digital platforms and additional features such as lockers, facial recognition and self-checkout.
- Stix Fidelidade: GPA has entered into a coalition with Raia Drogasil, a leading Brazilian drugstore retailer, to further strengthen and broaden its customers' power of choice by offering customers the ability to purchase products and services to accumulate or redeem points. Beginning in the second half of 2020, Stix Fidelidade will serve more than 50 million of GPA and Raia Drogasil's loyal customers.

We operate in Colombia, Uruguay and Argentina through Grupo Éxito, which generated €3,766 million in net sales for the twelve months ended September 30, 2020.

As of September 30, 2020, Grupo Éxito operated a network of 2,099 stores, with a diverse range of formats and innovative propositions. Grupo Éxito also offers consumers a complementary offering of financial services and consumer finance options through its finance joint venture Tuya. Finally, Grupo Éxito has successfully leveraged its significant real estate holdings by launching and growing a commercial property development business, Viva Malls, the largest commercial property developer in Colombia, with approximately 512,000 square meters of gross leasable area ("**GLA**"), including 12 shopping centers and six outdoor malls as of December 31, 2019.

In Colombia, where Grupo Éxito is the leading modern grocery retailer (according to Euromonitor International's Retailing 2020 edition), Grupo Éxito has launched several initiatives in relation to food e-commerce, digitalization and innovation. These initiatives include:

- Mobile applications: The Éxito and Carulla banners launched mobile applications in the first quarter of 2019 that enable customers to access customized coupons. In the third quarter of 2020, App Annie ranked the Éxito and Carulla mobile applications as the second most downloaded applications for online food shopping in Colombia in 2020. As of December 31, 2019, these applications had been downloaded nearly two million times.
- Rappi: Grupo Éxito has entered into a strategic partnership with Rappi, a delivery service startup, to improve its delivery services.
- Carulla Smart Market: In December 2019, Grupo Éxito launched Carulla SmartMarket, the first smart retail store in Colombia, providing nearly twenty high-tech shopping experiences, such as facial recognition payment, an electronic sommelier and fully digital shopping experience.

Grupo Éxito, through its banners Devoto, Disco and Géant, is a leading food retailer in Uruguay. Although Grupo Éxito offers a range of different formats in Uruguay, it has particularly focused its expansion efforts on its Devoto Express convenience stores. In addition, Grupo Éxito has implemented an operational excellence program in order to boost productivity and counteract the effects of inflation on operating expenses. As a result of such efforts, Grupo Éxito's Uruguayan operations are highly profitable, with a 9.2% EBITDA margin for the year ended December 31, 2019.

In Argentina, the Libertad banners are present in the Córdoba region, with 25 hypermarkets and convenience stores. Further to its dual retail and real estate business strategy, Libertad continued to seek opportunities to optimize its real estate portfolio, with a total GLA of approximately 170,000 square meters in 15 shopping centers as of March 31, 2020, making Libertad the third-largest real estate player in Argentina. Libertad's shopping centers had an occupancy rate of 93.9% for the year ended December 31, 2019, comprised of 800 businesses, 85% of which are local small- and medium- sized businesses, which is higher than the average recorded by local competitors.

For more information about our proposed simplification of the Latin American structure, including the potential spin-off of Assaí, see "*—Our Strategies— Optimal positioning to take advantage of strong underlying growth in Latin America*".

Rated best-in-class for ESG commitments

Our commitment to ESG has been recognized by a number of leading ESG rating agencies. In June 2020, Vigeo Eiris ranked our Group as the number one European retailer for its ESG policy and commitments, selecting us as first out of 129 French companies for our climate and environmental protection commitments, human resources policies, corporate governance and employee relations and human resources policies. In addition, in October 2020, we were the only retailer in the Wall Street Journal's list of the world's top 100 most sustainably managed companies. With an AA overall rating, we were also in the top quartile of MSCI's ESG scores in global food retail & staples. We have also received top ESG scores by FTSE4Good (4/5), RobecoSAM (70/100), Sustainalytics (76/100) and CDP (A-).

As a group that is committed to a sustainable retail model, our ESG policies are particularly important to us. We seek constant improvement in our non-financial performance in order to address the concerns of customers who are sensitive to the impact of their purchases. Our program gives us the foundation to build trusted relationships with our partners and suppliers, strengthen employee motivation and attract top talent.

Since 2002, our commitment to sustainable development has been supported by a system of organization and governance involving managers at all levels of our Group, including the highest level of our management team.

Our CSR department, which operates under and reports to the General Secretary of the Executive Committee, has rolled out the "CSR Spirit", continuously improving our ESG program in France and abroad in coordination with the various subsidiary CSR departments. The below table presents a summary of our key ESG commitments.

Group Ethics Charter	United Nations Sustainable Development Goals (SDG)	Paris Climate Agreement
Universal Declaration of Human Rights	Eight fundamental conventions of the ILO	Montreal Protocol
United Nations Global Compact	UN Women's Empowerment Principles	Science Based Targets (SBT)

Our environmental commitment

Determined to improve our environmental footprint, we were the first French retailer to adopt carbon emission reduction targets in line with the Science Based Targets initiative, which is led by the United Nations' Global Compact and the WWF. Since 2015, we have also committed to reducing our Scope 1 and 2 greenhouse gas emissions by 18% by 2025 (on a Group basis), and have already met this target in France, having reduced our emissions by 19.6%. This performance is due in part to the activities of GreenYellow, our subsidiary and an energy efficiency and renewable energy expert, which have enabled to avoid annual emissions of 110,000 tons of CO_2, and, by 2022, is expected save 440,000 tons of CO_2 (*i.e.*, virtually all of our current direct emissions in France). We are also committed to reaching a target of 100% of reusable, recyclable or compostable packaging for our Casino private-label products by 2025. In 2019, we successfully used 160 tons of recycled plastic for packaging.

Moreover, part of our commitment to offering sustainable food to our consumers is to ensure sustainably sourcing. We have committed to a target of sourcing 100% of the palm oil used in our French private-label products from sources certified by the Roundtable of Sustainable Palm Oil by 2020.

Our commitment to promoting health and animal welfare

We aim to offer healthy and sustainable food to all of our customers, including those with the lowest income. In addition to increasing our organic offering to over €1 billion in net sales in 2019, we have continued to strengthen our range of responsible products. Moreover, we have pledged to label all of our Casino private-label food products with Nutri-Scores by 2021, and have already done so for more than 40% of such products, demonstrating our commitment to our customers' health.

For many years now, we have been working closely with suppliers, local production chains and animal rights organizations in a commitment to offering products that are more respectful of animal welfare.

To drive a cycle of continuous improvement, we cultivate dialogue with a wide range of stakeholders, including NGOs, veterinarians, suppliers, production chains, consumers and employees, in the hope that these initiatives will improve and broaden the array of animal-welfare friendly products on its store shelves and enable customers to enjoy better quality products made from more ethically treated animals.

The chosen approach consists of both monitoring conditions in the breeding, transport and slaughtering process and supporting the production chains as they transition to better, more welfare-friendly practices. Our assertive commitment was recognized by the Business Benchmark on Animal Farm Welfare (BBFAW), which in 2018 rated our performance as Tier 3, at the top of French retailers on this issue.

Consumer awareness plays a critical role in improving the treatment of farm animals, and to inform shoppers about the animal welfare aspects of the products they buy, we developed a labeling system in collaboration with three recognized animal rights organizations (including Compassion in World Farming), which will help to support standardized animal welfare labeling in France. The labels were initially prepared for broiler chickens, with the first labeled products appearing in stores in December 2018. At the beginning of 2020, the program was extended to other distributors and producers.

Our social commitment

We have a longstanding commitment in favor of gender equality and diversity. In 2019, 52% of our 219,132 employees were women, 39.5% of which were employed at the management level Group-wide (reflecting a 4.5 percentage point increase compared to 2015). In addition, in 2019, more than 8,500 of our employees were classified as having a disability, representing an increase of 28% compared to 2015 (in Brazil, this figure represents an increase of 94% since 2015). We are also committed to diversity in age, with 47% of our workforce between 30 to 50 years old, 39% under the age of 30 years old and 14% were 50 years old and over in 2019. We believe we are the only French retail group that has been awarded the Equality and Diversity Label by the *Association Française de Normalisation* (AFNOR).

We are also strongly committed to supporting the most vulnerable through our various charitable foundations. In 2019, our collection and donation initiatives resulted in the donation of nearly 21,900 tons of food products (equivalent to 43 million meals) to food banks or other social welfare organizations. In Brazil, GPA deploys a number of annual initiatives, inviting clients to donate food and products to social institutions. In 2019, GPA donated 2,400 tons of food and products, including 1,300 tons of food collected on Solidarity Day, GPA's yearly initiative with over 100 partner organizations. Through the Éxito Foundation, Grupo Éxito also supports numerous initiatives to fight malnutrition in Colombia. During the COVID-19 crisis, we were fully engaged in both France and South America, donating two million masks to French hospitals and setting designated shopping hours for the elderly and healthcare professionals, among other initiatives.

Our governance commitment

Our Board of Directors is strongly committed to diversity. Catherine Lucet, the lead independent Director, is also a member of the Audit Committee and Chair of the Governance and Social Responsibility Committee. There are no controlling shareholder representatives on any of our Board Committees. Further, 46% of our Board members are women. Our Board is strongly committed to its initiatives, as evidenced by the 13 meetings (93.5% attendance rate) and the 24 meetings of our committees (100% attendance rate) which took place in 2019. See "*—Corporate Social Responsibility (CSR)*".

Proven record of initiatives to support cash flow generation and deleveraging

We have successfully undertaken a number of initiatives to reduce our indebtedness, improve our cash flow and reduce operating costs in recent years.

We have demonstrated an ability to deliver on a number of ambitious asset disposal plans that we have launched in recent years. Beginning in 2018, following successive reviews of our business portfolio, we have undertaken the Asset Disposal Plan, pursuant to which we have set a cumulative goal of €4.5 billion in asset disposals in order to accelerate the completion of our strategic focus on buoyant formats (including e-commerce, premium and convenience) and geographies, and on new businesses (such as energy, data and data centers). We have completed €2.8 billion in disposals to date. The table below summarizes the disposals made under the Asset Disposal Plan to date:

Disposal plan amount	Timeline	Cumulated amount achieved within each plan	Assets sale
€4.0bn	**2016**	✓ **€4.0bn**	▪ Thailand and Vietnam ▪ Strong capital gains
€4.5bn	**2018**	✓ **€1.1bn**	▪ Non-core assets ▪ €213m from 15% stake of Mercialys ▪ €742m from Monoprix real estate assets ▪ €150m from GreenYellow capital increase ▪ R2C
	2019	✓ **€1.8bn**	▪ €392m – Fortress transaction ▪ €327m – Apollo transaction ▪ €20m – 20 restaurants "A la Bonne Heure" & "Coeur de Blé"
	2020YTD	✓ **€2.8bn**	▪ €717m EV from Leader Price (including €35m earn out) ▪ €219m EV from Vindemia ▪ €26m from 5% stake of Mercialys
	Ongoing	✓ **In progress**	▪ Leader Price earn-out ▪ Fortress and Apollo earn-out ▪ Other assets under ongoing discussions

In addition, in June 2018, we launched the Rocade Plan to dispose of or close loss making stores, particularly in our Géant Hypermarkets and Casino Supermarket formats. Store disposals and closures have allowed us to focus on our most profitable stores, and save approximately €50 million on a full-year basis. The table below summarizes our valuable asset base.

Assets	% interest	Store network as of 30 Sep-20	LTM Sep-20 metrics
Hypermarkets (o/w Géant)	100%	105	Sales: €4.0bn (o/w €3.8bn for Géant[9])
Monoprix	100%	791	Sales: €4.5bn
Franprix	100%	869	Sales: €1.6bn
Supermarkets	100%	414	Sales: €3.1bn
Convenience & other	100%	5,166	Sales: €2.3bn
GreenYellow	75%[1]	-	EBITDA: €76m[2]
Mercialys	20%[3]	-	Casino stake market value: €130m[4]
Floa Bank (previously Banque Casino)	50%	-	€2bn loans granted in 2019 ; €22m current profit
relevanC	100%	-	GMV: €44m in H1 2020
Real estate assets (France)	100%	-	Valuation: €1.3bn
Cdiscount	65%[5]	-	GMV: €4.1bn ; EBITDA after leases: €71m[6]
Latam Retail	41%	3,151	Sales: €15.2bn ; EBITDA: €1.0bn ; Casino stake market value: €1.2bn[7]
- Assai	-	176	Sales: €6.2bn
- Multivarejo	-	878	Sales: €5.2bn
- Exito[8] (Colombia, Uruguay, Argentina)	-	2,097	Sales: €3.8bn

(1) 24% held by Tikehau and Bpifrance.

(2) As of December 31, 2019.

(3) Reflects Casino's stake in Mercialys.

(4) Based on market capitalization on December 3, 2020 of €650.1 million.

(5) Stake directly held by Casino (79% including GPA stake).

(6) Reflecting Adjusted EBITDA including leases for the twelve months ended June 30, 2020 after leases (repayment of lease liabilities and interest on lease liabilities).

(7) Based on GPA's share price of BRL69.45 (€10.91 at BRL/EUR spot rate of 6.366) as of November 27, 2020 and Casino's stake in GPA of approximately 41%.

(8) GPA owns a stake of approximately 97% in Éxito.

(9) Excluding Codim stores in Corsica.

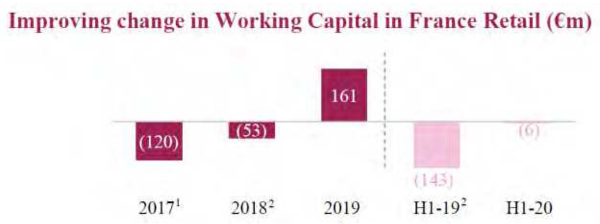
In addition to asset disposals, we have carried out in the past, and are continuing to carry out, a number of initiatives to improve our France Retail and E-commerce trading profit and free cash flow generation to support further reductions in our net debt. Such initiatives include reductions in operating costs, working capital and capital expenditures.

With respect to our operating costs, such initiatives include cost-saving measures, the Rocade plan (whereby the disposal or closure of loss-making stores initiated in 2018 had an effect in the third quarter of 2020 of €15 million) and recurring savings from transformation plans initiated in the third quarter of 2020 (amounting to €30 million in the third quarter of 2020). Our historical growth in post-IFRS 16 EBITDA and margin in our combined France Retail and E-commerce segments is represented below.

(1) The 2018 figures presented have been restated.

(2) Adjusted EBITDA.

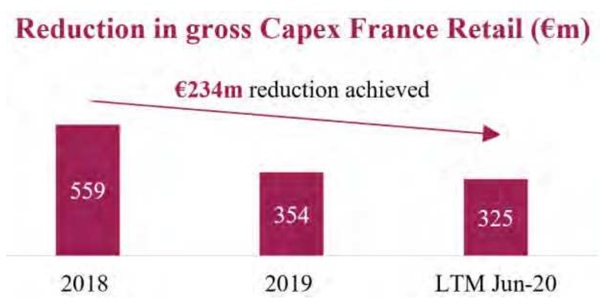
Working capital initiatives include the reduction in slow-moving SKUs and optimization of our logistics organization and in-store supplier inventory. The graph below summarizes our historical improvements in working capital for our France Retail segment.



(1) The 2017 figures are presented as reported.

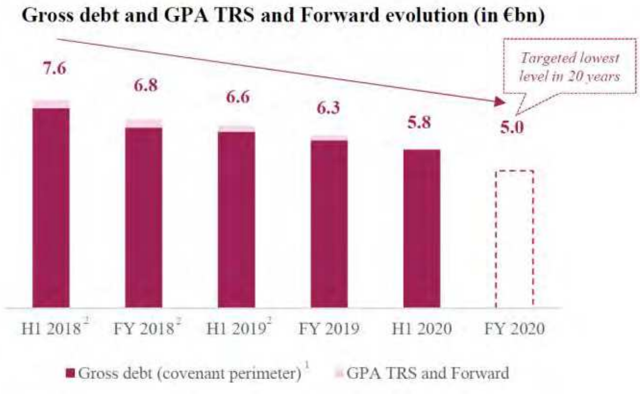
(2) The 2018 and 2019 figure shave been restated to reflect our discontinued operations, (i.e., excluding Leader Price).

We have completed major transformation programs, which led to a reduction of France Retail annual capital expenditures of over €200 million from 2018 to 2019, reflecting our capital expenditure control, with priority investments in digital activities and Monoprix. We target yearly gross capital expenditures in France of approximately €350 million. Our historical reduction in gross capital expenditures in France Retail is presented below.



We have also pursued a business model at Cdiscount that we believe will drive profitability in addition to the strong fundaments behind e-commerce performance. These include increasing the share of marketplace contribution to GMV, improving margins on direct sales and launching the marketplace as a service offer to address the broader European market.

We believe that our focus on profitability and cash flow generation through operating initiatives, together with our disposal plan have enabled us to reduce continuously our combined France Retail and E-commerce gross debt since 2018 to a targeted gross debt amount of €5 billion, as illustrated in the graph below:



(1) Adjusted gross debt for the France Retail and E-Commerce.

(2) Restated to reflect IFRS 16.

Highly experienced management team to drive sustainable profitable growth and deleveraging

We benefit from the expertise of a senior management team that has significant experience in grocery retail and corporate finance. Jean-Charles Naouri, the Chairman and Chief Executive Officer of the Issuer since 2005, acquired our indirect majority shareholder Rallye, itself a former chain of supermarkets, in 1991, and implemented its merger with Casino in 1992. Mr. Naouri holds degrees from the École Normale Supérieure and the École Nationale d'Administration and has a doctorate from Harvard University. We also benefit from the services of our talented team of divisional managers, who more closely oversee the day-to-day operations of our retail banners and our purchasing functions. Each draws upon significant experience in the retail sector and most of them have been with our Group for many years.

Our Strategies

Accelerating leadership in convenience, organic and premium formats in France

We intend to capitalize on French consumer trends by further focusing on and developing our well positioned formats and product range. We aim to adjust our mix of formats to best position our business for long-term growth. We also aim to continue to expand our premium and convenience store formats which we believe will continue to be particularly promising over the medium term, with the goal of opening 300 new stores by 2021, of which 105 have already opened. In particular, to take advantage of consumers' increased preference for organic products, we intend to develop our organic product offering in each of our banners and speed up the expansion of Naturalia, our organic specialized banner. Through this and the promotion of organic products through our digital distribution channels, including our partnership with Amazon Prime, we believe that our net sales of organic products will continue to increase over the next few years.

We also plan to enhance our existing store network in France to meet changes in consumers' tastes and needs. We intend to continue developing new concepts and services in our stores, such as the Monoprix Phénomène concept, a design store concept built in collaboration with Pixelis, Le Drugstore Parisien, a partnership with L'Oréal Paris, and Le 4 Casino, a phygital store with several digital innovations. In 2019, we launched a pilot store in Paris for a new concept, Darwin, a Franprix store offering consumers a host of conveniences, including full kitchen access, a large seating and dining area and the ability to shop for products from other brands, such as Cdiscount, Decathlon and home goods retailer Hema, in store. We also intend to provide catering services across our various banners, such as in-store salad bars and snack areas. Finally, we intend to expand our network of autonomous stores in order to improve customer service and increase net sales from expanded opening hours.

Continue to strengthen our leadership in digital and omni-channel initiatives in France and pursue innovations in all parts of our business

Innovation and digital transformations are two major axes of our development strategy. We intend to leverage favorable consumer trends and our strong experience in digital and omni-channel offerings by increasing our focus on efforts to expand our e-commerce activities in food retail, further developing our Cdiscount business, growing our digital customer relationships and rolling out further innovative concepts and solutions.

Leveraging on the full deployment of our partnership with Ocado through the ramp up of a fully automated warehouse opened in March 2020 and with the expansion of the delivery area through which Amazon Prime customers can order Monoprix, Casino private-label and Naturalia products, we aim to further increase food e-commerce sales in the near- to medium-term.

In our pure-play e-commerce business, we intend to continue to increase Cdiscount's GMV through the further development of our marketplace, which we expect will account for an increasing share of Cdiscount's net sales in the coming years. We also intend to further expand Cdiscount's business-to-business and business-to-customer services offering within France, and to more generally expand Cdiscount's operations to other European countries through direct delivery to countries neighboring France and the further development of partnerships with marketplaces abroad. As a result of the growth in its marketplace, Cdiscount has been able to shift its customer base to a model more oriented towards business clients and will continue to focus on the development of their services for such clients. For example, Cdiscount is developing a Marketplace as a Service (or MaaS) offer to address 900,000 European e-commerce websites.

Finally, we aim to reinforce our digital customer relationships through the increased penetration of our banners' mobile applications. In October 2018, we launched Le 4 Casino, the first store in France without a traditional cashier, the technology of which was deployed in 477 stores as of September 2020, enabling them to operate autonomously in the evening and on Sundays without the presence of cashiers. In March 2019, we opened a logistics innovation lab in the Géant hypermarket in Pessac, France, where we test technology solutions in partnership with the most innovative startups in the field.

Our innovation initiatives also include new activities with strong growth potential, such as the deployment of electrical vehicle charging stations in our parking lots. Each of these projects, in line with our asset-light strategy, have been developed in exclusive or limited partnerships with the most advanced startups, franchisees with long-standing relationships with us or with other external specialist teams.

Accelerate development of new activities in France

We believe that our new energy and data businesses in France will provide us with significant opportunities to grow our revenue and further monetize our asset base.

In our solar energy business, we aim to further bolster our leadership position while developing newer activities. We aim to consolidate GreenYellow's leadership position in solar energy with a target to increase its installed capacity, which has already grown significantly, with a pipeline representing 543 MWp of future projects as of September 30, 2020. We also aim to consolidate our leadership position in solar self-consumption in France by continuing to leverage our joint venture partnership with Engie, pursuant to which we help local authorities and companies in France to generate solar power to meet their electricity needs. Further, we plan to continue growing our energy performance contract offering, which is a contract with GreenYellow through which GreenYellow commits to achieve reductions in energy costs and total energy consumed, with external customers. To date, we have already entered into more than 2,500 such contracts. Finally, we intend to further develop our services and expand our offering through new projects such as the deployment of a network of ultra-fast vehicle charging stations, direct-to-consumer natural gas offerings and the development of new solar energy plants, such as the recently completed suspended solar energy plant on a rooftop in Thailand.

We also plan to continue growing our data and data centers businesses, relevanC (which generated €67 million in gross sales for the year ended December 31, 2019) and ScaleMax, in order to increase the potential contribution from such businesses. We expect to target such growth through accelerating the development of relevanC's customer base, as well as expanding the number of data center sites in our logistics warehouses and hypermarket stocking areas for our ScaleMax operations. We also intend to license our Casino Max app and its targeted coupon platform to international business-to-business customers.

Optimal positioning to take advantage of strong underlying growth in Latin America

We intend to grow the businesses of GPA and Grupo Éxito through the execution of a range of initiatives at GPA in Brazil and Grupo Éxito in Colombia that we believe will lead to increased net sales.

In Brazil, GPA's strategy is centered on four key pillars:

- <u>Portfolio optimization</u>: GPA intends to continue to pursue the profitable expansion of Assaí cash & carry stores and associated net sales through the segregation of Assaí from the rest of its operations to unlock additional value from the banner. GPA also intends to revitalize and revamp its other Brazilian banners, through converting certain Extra supermarket stores into Compre Bem and

Mercado Extra stores, converting certain Éxito stores into Assaí stores, renovating its Pão de Açúcar stores and improving the attractiveness of its commercial retail spaces.

- Review of our product range: GPA aims to increase the proportion of private-label products in its sales mix through further developing its Qualitá and Taeq private label brands. In 2019, GPA introduced more than 1,500 new private label products, worked closely with its suppliers to ensure higher production levels to improve profitability and launched a new marketing model and promotional campaigns.

- Digital transformation: GPA intends to increase revenue by continuing to pursue its digital and e-commerce initiatives, including through the deployment of delivery platform James Delivery in additional cities, expansion of GPA's Cheftime application delivering meal kits to the São Paulo region of Brazil, continuing to develop Stix Fidelidade and extending GPA's click and collect and home delivery services to a greater number of stores.

- Operation / efficiency: GPA has developed a number of initiatives to optimize its gross margin, including increasing the proportion of higher-margin product offerings, investing in tools to optimize pricing in each of its store formats and regions and customizing promotions for a better return on investment.

We intend to continue Grupo Éxito's transformation strategy through carrying out a number of different initiatives.

- Focus on fast-growing formats: Grupo Éxito plans to expand the cash & carry format in Colombia through additional openings and conversion of existing stores into stores under the Surtimayorista banner. Grupo Éxito also intends to continue launching new concepts in Colombia, such as the Éxito WOW concept in its hypermarkets, which offers a complete revamp of its food and non-food product selection, and the FreshMarket concept in its Carulla premium supermarkets, with an improved selection of fresh and healthy products.

- Digital transformation: Grupo Éxito believes that local market conditions are favorable for the development of omni-channel marketing solutions, including increased e-commerce, retail mobile applications and last-mile delivery services. Consequently, Grupo Éxito intends to accelerate the development of its digital and omni-channel activities in Colombia through efforts to increase the number of users of the Éxito and Carulla mobile applications and expanding the Puntos Colombia loyalty program application that Grupo Éxito has developed in partnership with Bancolombia with rewards that can be used by customers at several companies.

- Property development: Grupo Éxito plans to continue expanding its Viva Malls property development business in Colombia, which has become the leading player in the Colombian commercial property market.

We are further seeking ways to increase the strategic focus of our Latam Retail operations. GPA recently announced its approval of the initiation of a study to segregate Assaí from the rest of its activities. The goal of this transaction is to unleash the full potential of Assaí, on the one hand, and of the more traditional retail businesses of GPA and Grupo Éxito, on the other hand. This operation will allow them to operate on a standalone basis, to focus on their respective business models and market opportunities. They will also benefit from direct access to the capital markets and other sources of funding and eliminate corporate inefficiencies, creating more value for their respective shareholders. Upon the implementation of the transaction, the Group, which currently holds a stake of approximately 41% in GPA, which itself holds 100% of Assaí, would hold a stake of approximately 41% in GPA and an identical stake in the new entity Sendas Distribuidora S.A., which would be the holding company for Assaí's activities.

Progress our ESG initiatives

Improving our corporate and social responsibility performance is central to our business. Our goal is to prioritize ESG initiatives in order to create and share value with our stakeholders. We intend to achieve this through the continued pursuit of a number of initiatives, including:

- promoting healthier, more sustainable consumption patterns through continuing to offer more responsible food retail products, including certified organic and responsible products;

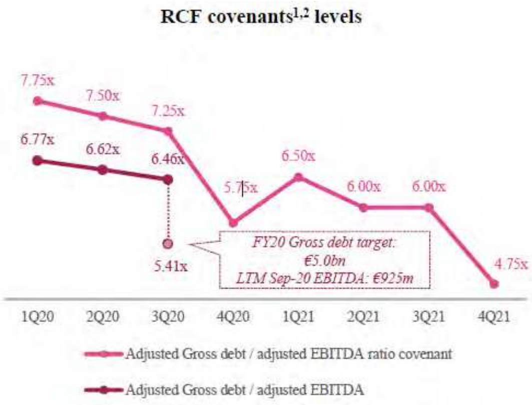
- improving our supply chain by developing responsible purchasing and sustainable partnerships with producers, training buyers in social ethics processes and promoting local sourcing where possible;

- advancing professional equality and promoting diversity within the ranks of our workforce;

- supporting community outreach and other efforts to help the most disadvantaged; and
- reducing our environmental impact, including through using alternative modes of transport for our products and reducing energy use through the efficiency efforts of GreenYellow and a growing photovoltaic installed base.

Continued focus on profitability improvement and proactive deleveraging in France

In addition to the business focus and operational initiatives described above, we intend to continue pursuing a sound financial policy aimed to pursue improved profitability and the reduction of our gross debt in our France Retail and E-Commerce segments. We believe these policies have already paid off, providing us comfort in our ability to comply with the financial covenant in our Revolving Credit Facility as of December 31, 2020, and will help support deleveraging in the coming years. The applicable maintenance covenant levels of under the Revolving Credit Facility from the first quarter of 2020 to the fourth quarter of 2020, along with our historical leverage ratios as calculated in accordance with the terms of the Revolving Credit Facility for the first three quarters of 2020, are illustrated below.



(1) Adjusted gross debt for the France Retail and E-Commerce.(2) Represents Adjusted EBITDA adjusted for leases (i.e., repayments of lease liabilities and interest paid on lease liabilities), for the France Retail and E-Commerce segments as defined under the Revolving Credit Facility.

We intend to ramp up the ongoing cost savings plans we launched in the third quarter of 2020 across all of our banners and formats. In addition to respecting the strict restricted payments covenants applicable under the Term Loan B Facility Agreement, the Senior Secured Notes Indenture and the Indenture, we also intend to continue our efforts to improve cash generation through:

- improving our working capital requirements, primarily through reducing inventories; and
- continuing to focus our retail gross capital expenditures on initiatives that we believe will have a favorable impact on the development of our business, including investments in digital activities and our Monoprix banner.

Finally, we aim to continue reducing our France Retail and E-Commerce gross debt through the use of the proceeds from our Asset Disposal Plan, and further improve our cash generation through the reduction of financial expenses associated therewith.

The Refinancing

In connection with the Offering, we intend to enter into the Incremental Term Loan B under the Term Loan B Facility Agreement in an aggregate principal amount of €225 million. The drawing under the Incremental Term Loan B will mature in January 2024. Interest on the Incremental Term Loan B will be payable quarterly in arrears at a rate of EURIBOR (subject to 0% floor) plus a 5.50% margin. Our obligations under the Incremental Term Loan B, like those under the existing drawings under the Term Loan B Facility, will be guaranteed on a senior secured basis by DCF, Casino Finance, Monoprix S.A.S. and Segisor. In addition, the Incremental Term Loan B will be secured by the collateral securing the Term Loan B Facility, including pledges on certain assets of CGP, DCF, Casino Finance, Monoprix S.A.S. and Segisor (the "**Credit Facilities Collateral**"). Noteholders will not benefit from the Credit Facilities Collateral. For a further description of the Term Loan B Facility Agreement, see "*Description of Certain Financing Arrangements—Term Loan B Facility Agreement*".

We intend to use the gross proceeds from the Offering, along with the proceeds raised in connection with the incurrence of the Incremental Term Loan B and cash on hand from the Leader Price Disposal and from the Segregated Account, to (i) repay, through a tender offer launched on December 14, 2020, a portion of our Existing EMTN Bonds (see "*—Recent Developments—December 2020 Tender Offer*") and (ii) pay the fees and expenses related to the Refinancing. See "*Use of Proceeds*".

The Offering and the entry into the Incremental Term Loan B and the use of the proceeds therefrom, the use of the proceeds from the Leader Price Disposal and the use of cash in the Segregated Account described above are collectively referred to herein as the "**Refinancing**".

Recent Developments

Leader Price Disposal

On March 20, 2020, we announced that we had signed a unilateral purchase agreement with Aldi France to sell 567 Leader Price stores and three warehouses for an enterprise value of €735 million (including a €35 million earn-out). On November 30, 2020, we announced the closing of the deal with the sale of 545 Leader Price stores, two Casino Supermarkets and three warehouses for an enterprise value of €717 million (including a €35 million earn-out). After taking into account €34 million of net liabilities transferred with the stores, proceeds from the disposal totaled €683 million, of which €648 million was received on closing and €35 million was structured as an earn-out contingent on compliance with certain operational indicators during a transition period and which we may receive as such milestones are achieved. In addition, we may sell further Leader Price stores in the short term to Aldi France, for up to €11 million.

Prior to closing the Leader Price Disposal, during 2020, we repurchased approximately 100 stores held by master franchisees that were sold to Aldi France as part of the Leader Price Disposal.

The agreement includes a transition period, running through 2021, during which we will manage the day-to-day operations of the sold stores until they are progressively converted to the Aldi banner. The purchase agreement contains customary representations and warranties from Casino as seller to Aldi France as purchaser. These include an asset and liability warranty capped at €100 million.

We remain the owner of the Leader Price brand and will continue to operate it in France and internationally, under certain conditions agreed with Aldi. The Group will keep its profitable wholesale activity for 200 Leader Price franchise stores, and external or internal clients (including Franprix, Casino Géant and Casino supermarkets).

In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, beginning with our financial statements as of and for the year ended December 31, 2019, we have accounted for Leader Price's results of operations in our financial statements as a discontinued operation and our assets related to Leader Price as assets held for sale. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Consolidation Scope—Six months ended June 30, 2020*".

Existing EMTN Bond Repurchases

Since September 30, 2020, we have repurchased certain of the Existing EMTN Bonds, both through periodic at-the-market purposes and through a tender offer in November 2020. In connection with the Refinancing, we have launched a new tender offer for certain of the Existing EMTN Bonds.

November 2020 Tender Offer

On November 9, 2020, the Issuer launched a tender offer (the "**November 2020 Tender Offer**") to repurchase a portion of its outstanding 2021 EMTN Bonds, 2022 EMTN Bonds, 2023 EMTN Bonds and 2024 EMTN Bonds. Following the settlement of the November 2020 Tender Offer, which took place on November 20, 2020, the Issuer repurchased: (i) an aggregate principal amount of €194,100,000 of the 2021 EMTN Bonds, (ii) an aggregate principal amount of €8,500,000 of the 2022 EMTN Bonds, (iii) an aggregate principal amount of €11,500,000 for the 2023 EMTN Bonds and (iv) an aggregate principal amount of €7,800,000 of the 2024 EMTN Bonds.

December 2020 Tender Offer

We intend to use approximately €1,353 million, including the proceeds of the Offering, to repay, through a tender offer launched on December 14, 2020, a portion of our 2021 EMTN Bonds, 2022 EMTN Bonds, 2023

EMTN Bonds, 2024 EMTN Bonds and 2025 EMTN Bonds. The offer period of the bond tender offer is expected to close on December 18, 2020. The results of the bond tender offer are expected to be announced on December 21, 2020 and the settlement is expected to take place on December 23, 2020. Any proceeds from the Offering and drawings under the Incremental Term Loan B that are potentially not used in the tender offers will be credited to the Segregated Account and applied to the repayment of debt in future transactions.

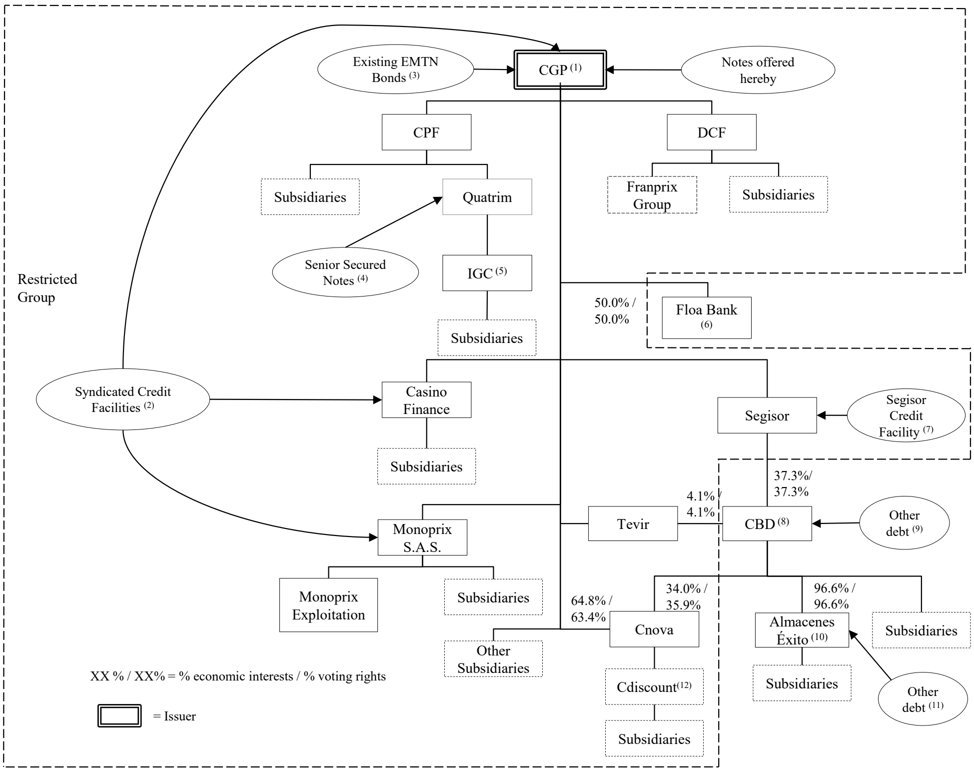
Current Trading

The following discussion is based on preliminary management estimates. Because this information is preliminary, it is subject to change and those changes could be material. As such, you should not place undue reliance on the following discussion. In addition, the following discussion includes forward-looking statements that are necessarily subject to uncertainty. Our ability to realize any targets may be affected by numerous factors, many of which are beyond our control, including the factors described under "Forward-Looking Statements" in this Listing Prospectus. The occurrence or exacerbation of one or more of the risks described under "Risk Factors" could have a material impact on our ability to realize the target described below. We make no undertaking to update any of the following except as required by applicable laws and regulations.

Based on our initial management estimates, our financial performance since September 30, 2020 has been in line with expectations and trends that could be observed during prior months. The second lockdown in France (which began at the end of October) had, similarly to the first lockdown, a strong positive effect on Cdiscount and our food retail e-commerce channels, as well as on our convenience and urban retail banners. This was largely offset by a negative impact of the lockdown on non-food sales at hypermarkets and Monoprix stores, largely due to restrictions on the types of goods that could be sold during the first four weeks of the second lockdown (mostly clothing, home decoration and appliance, sports equipment, books, toys and video games). We therefore expect the overall effect of the second lockdown in France to be roughly neutral. We believe that our focus on profitability and cash flow generation through operating initiatives, together with the completion of the Leader Price Disposal in November 2020, will allow us to achieve our previously announced targeted France Retail and E-Commerce adjusted gross debt amount of €5 billion as of December 31, 2020 (representing gross debt, with a scope of consolidation as defined in the Group's Term Loan B Facility Agreement, Revolving Credit Facility Agreement and the Senior Secured Notes Indenture, including, for the avoidance of doubt, the balance of the Segregated Account). In Latin America, we continued to enjoy a positive dynamic that was experienced during the third quarter of 2020, with strong sales in particular in Brazil and good performance in both Multivarejo and Assaí.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The chart below depicts a summary of the Group's corporate and financing structure after giving effect to the Transactions. Unless otherwise indicated in the chart and in the footnotes below, entities are wholly owned. For further information, see "Summary—The Refinancing", "Use of Proceeds", "Capitalization" and "Principal Shareholders and Related Party Transactions". For a summary of the material financing arrangements identified in this chart, see "Description of Certain Financing Arrangements".



(1) Casino, Guichard-Perrachon S.A. ("**CGP**" or the "**Issuer**") is a publicly listed *société anonyme* whose shares are traded on Euronext Paris (ISIN: FR0000125585). As of September 30, 2020, Rallye S.A. was CGP's largest shareholder, holding 52.31% of CGP's shares. Rallye S.A. is controlled by Euris S.A.S. through two intermediate holding companies, Finatis S.A. and Foncière Euris S.A. Euris is in turn controlled by Jean-Charles Naouri, the Chairman and Chief Executive Officer of CGP. As of September 30, 2020, 36.04% of CGP's shares were held by the public, 7.15% were held by Vesa Equity Investment, 2.65% were held by Groupe Fimalac, 1.12% were held by a mutual fund for our Group's employees and 0.72% were held by CGP itself as treasury shares. On November 5, 2020, Vesa Equity Investment S.à r.l. declared holding 10.18% of CGP's shares. See "*Principal Shareholders and Related Party Transactions*".

(2) Monoprix S.A.S. is party to a revolving credit facility agreement dated July 9, 2014 among, *inter alios*, Monoprix S.A.S. as borrower and Crédit Agricole Corporate and Investment Bank and Natixis as Coordinators, providing for revolving advances of up to an aggregate of €111 million on a committed basis under the Monoprix Existing Syndicated Credit Facility, which will mature in July 2021. For a description of the Monoprix Existing Syndicated Credit Facility, see "*Description of Certain Financing Arrangements*".

CGP and Casino Finance are borrowers under the Casino Existing Syndicated Credit Facilities, a multi-currency revolving credit facility agreement maturing in February 2021, under which the maximum amount that may be drawn at any time is €198 million, and a U.S. multi-currency revolving credit facility maturing in July 2022, under which the maximum amount that may be drawn at any time is $25 million. For a description of the Casino Existing Syndicated Credit Facilities, see "*Description of Certain Financing Arrangements*".

In November 2019, we entered into the Term Loan B Facility Agreement, among, *inter alios*, CGP, as borrower, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Credit Suisse International, Goldman Sachs International, HSBC Continental Europe, J.P. Morgan Securities plc and Natixis, as mandated lead arrangers, Credit Suisse International, as agent, and Citibank, N.A., London Branch, as security agent, pursuant to which CGP borrowed an aggregate principal amount of €1.0 billion under the Existing Term Loan B Facility that will mature in January 2024. CGP's obligations under the New Term Loan B Facility are guaranteed on a senior secured basis by DCF, Casino Finance, Monoprix S.A.S. and Segisor. The Existing Term Loan B is secured by pledges on certain assets of CGP, DCF, Casino Finance, Monoprix S.A.S. and Segisor (the "**Credit Facilities Collateral**"). In connection with the Refinancing, CGP intends to draw approximately €225 million under the Incremental Term Loan B, which will be provided under the Term Loan B Facility Agreement and will be subject to the same terms and conditions as the Existing Term Loan B. For a description of the Term Loan B Facility Agreement, see "*Description of Certain Financing Arrangements*".

In November 2019, in connection with the issuance of the Senior Secured Notes and the entry into the Term Loan B Facility Agreement, we entered into the Revolving Credit Facility Agreement, among, *inter alios*, CGP, as borrower, BNP Paribas, Credit Suisse International and J.P. Morgan Securities plc as Mandated Lead Arrangers and Bookrunners, Crédit Agricole Corporate and Investment Bank, as agent, and Citibank, N.A., London Branch, as security agent. The Revolving Credit Facility Agreement provides for the borrowing by CGP, Casino Finance and Monoprix S.A.S. of an initial aggregate amount of up to €2.0 billion under the Revolving Credit Facility. Borrowings under the Revolving Credit Facility are guaranteed on a senior secured basis by CGP, DCF, Casino Finance, Monoprix S.A.S. and Segisor. The Revolving Credit Facility is secured by the Credit Facilities Collateral. For a further description of the Revolving Credit Facility Agreement, see "*Description of Certain Financing Arrangements—Revolving Credit Facility*".

(3) CGP has from time to time issued unsecured bonds within our EMTN program. As of September 30, 2020, €3,462 million of EMTN Bonds were outstanding, excluding the fair value of interest rate swaps and interest rate options entered into by the Group to hedge its interest rate exposure on the Existing EMTN Bonds. Since September 30, 2020, we have repurchased certain of the EMTN Bonds both directly through market repurchases and the November 2020 Tender Offer. See "*Capitalization*". In addition, we intend to use approximately €1,353 million, including the proceeds of the Offering, to repay, through a tender offer launched on December 14, 2020, a portion of our 2021 EMTN Bonds, 2022 EMTN Bonds, 2023 EMTN Bonds, 2024 EMTN Bonds and 2025 EMTN Bonds. Any proceeds from the Offering and drawings under the Incremental Term Loan B that are potentially not used in the tender offers will be credited to the Segregated Account and applied to the repayment of debt in future transactions. For a description of the terms and conditions of the Existing EMTN Bonds, see "*Description of Certain Financing Arrangements*".

(4) On November 20, 2019, Quatrim issued €800 million in aggregate principal amount of 5.875% senior secured notes due 2024 (the "**Senior Secured Notes**"). The Senior Secured Notes are guaranteed by CGP, CPF, DCF, Casino Finance, Monoprix S.A.S. and Segisor. The Notes are secured by collateral comprising pledges on the securities account to which the outstanding shares of IGC held by Quatrim are credited, a pledge on all intragroup receivables owed to Quatrim under the loans made by Quatrim to certain group entities with the proceeds of the issuance of the Senior Secured Notes, a pledge on all of Quatrim's bank accounts and a pledge on the accounts to which the proceeds from certain asset disposals permitted under the Senior Secured Notes Indenture are credited from time to time. The Senior Secured Notes will mature on January 15, 2024. For a description of the Senior Secured Notes, see "*Description of Certain Financing Arrangements*".

(5) IGC is a company whose primary activity is the direct or indirect holding (through a number of subsidiaries) of real estate or leases of real estate used in the Group's France Retail operations.

(6) Floa Bank (previously Banque Casino) ("**Floa Bank**") is a 50/50 joint-venture between CGP and Banque Fédérative du Crédit Mutuel.

(7) Segisor is party to the Segisor Credit Facility, dated June 15, 2018 among, *inter alios*, Segisor, as borrower, and Crédit Agricole Corporate and Investment Bank, as mandated lead arranger and bookrunner. As of September 30, 2020, €188 million was outstanding under the Segisor Credit Facility. See "*Description of Certain Financing Arrangements—Segisor Credit Facility*".

(8) CBD is the holding company of the GPA group. GPA conducts business in Brazil. As of September 30, 2020 CGP indirectly holds approximately 41% of CBD's shares indirectly through its 100% stakes in Tevir and Segisor. Through CBD, CGP directly and indirectly holds 78.9% of the economic interest in Cnova, the holding company of Cdiscount. CBD is also the indirect majority shareholder of Almacenes Éxito S.A. (together with its consolidated subsidiaries, "**Grupo Éxito**"), which also owns 0.2% of Cnova. Although we fully consolidate GPA and Grupo Éxito into our consolidated financial statements, none of CBD or its subsidiaries, including Grupo Éxito, will be considered our subsidiaries for purposes of the covenants in the Indenture. Consequently, the covenants will not restrict any actions at those entities.

(9) GPA's outstanding indebtedness includes borrowings under debentures, foreign currency loans and credit lines. From time to time, GPA issues unsecured debentures to strengthen its working capital, maintain its cash strategy, lengthen its debt profile and make investments. As of September 30, 2020, GPA had an aggregate of €2,304 million of financial indebtedness outstanding and €1,793 million in off-balance sheet bank guarantees, mainly in connection with tax disputes to which GPA was a party.

(10) Grupo Éxito conducts business in Colombia, Uruguay and Argentina. Through (i) its wholly owned subsidiary Spice Investments Mercosur, Almacenes Éxito owns, *inter alia*, a 62% stake in Grupo Disco Uruguay (together with its consolidated subsidiaries, "**Grupo Disco**"), which conducts business in Uruguay, and (ii) directly and indirectly through intermediate holding companies, *inter alia*, the Devoto retail banner and the Géant banner in Uruguay. Through its wholly owned subsidiary Onper Investments 2015 S.L., Almacenes Éxito S.A. owns, directly and indirectly through intermediate holding companies, the companies through which it conducts business in Argentina. Almacenes Éxito S.A. is indirectly majority owned by CBD through its subsidiary Sendas Distribudora S.A. As of September 30, 2020, CBD was approximately 41% owned by CGP through Segisor and Tevir.

(11) Grupo Éxito's outstanding indebtedness includes short- and long-term borrowings through credit facilities with fixed or floating interest rates which range in maturity from January 2021 through March 2026. These facilities include revolving bilateral and syndicated facilities as well as short-term and mid-term bilateral facilities with aggregate principal amounts ranging from €9 million to €131 million. As of September 30, 2020, Grupo Éxito had an aggregate of €315 million of financial indebtedness outstanding.

(12) Cdiscount is the borrower under five unsecured term loans which are 80% guaranteed by a French state-owned investment bank, Bpifrance Financement (collectively, the "**PGE Loans**") for an aggregate principal amount of €120.0 million, entirely drawn on or about August 5, 2020. See "*Description of Certain Financing Arrangements—PGE Loans*".

THE OFFERING

The following is a brief summary of certain terms of the Offering of the Notes. It may not contain all the information that is important to you. For additional information regarding the Notes, see "*Description of the Notes*".

Issuer... Casino, Guichard-Perrachon S.A.

Notes Offered .... €400 million aggregate principal amount of the Issuer's 6.625% Senior Notes due 2026.

Issue Date .... December 22, 2020.

Issue Price... 100%, plus accrued and unpaid interest from and including the Issue Date.

Maturity Date....................................... January 15, 2026.

Interest Rate... 6.625% per annum.

Interest Payment Dates .... The Issuer will pay interest semi-annually in arrears on the Notes on January 15 and July 15 of each year, commencing on July 15, 2021. Interest on the Notes will accrue from the Issue Date.

Form and Denomination .... The Issuer will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.

Ranking of the Notes .... The Notes will be:

- general senior unsecured obligations of the Issuer;
- *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- unguaranteed on the Issue Date and will be structurally subordinated to all indebtedness of the Issuer's subsidiaries that do not guarantee the Notes (which, as of the Issue Date, includes all of the Issuer's subsidiaries but which may be subject to change in the future); and
- effectively subordinated to any existing and future secured indebtedness of the Issuer, to the extent of the value of the property and assets securing such indebtedness.

Optional Redemption .... At any time prior to January 15, 2023, the Issuer may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, to the redemption date plus a "make whole" premium as described under "*Description of the Notes—Optional Redemption*". In addition, at any time prior to January 15, 2023, the Issuer may redeem up to 40% of the original aggregate principal amount of the Notes (including principal amount of any additional Notes issued) with the net cash proceeds of certain equity offerings at the redemption price specified herein.

At any time on or after January 15, 2023, the Issuer may redeem all or a portion of the Notes at the redemption prices set forth in this Listing Prospectus.

Use of Proceeds .... We intend to use the gross proceeds from the Offering (assuming an issuance at par), along with the proceeds raised in connection with the incurrence of indebtedness under the Incremental Term Loan B for a principal amount of €225 million and cash on hand from the Leader Price Disposal and from the Segregated Account, to (i) repay, through a tender offer launched on December 14, 2020, a portion of our Existing EMTN Bonds and (ii) pay the fees and expenses related to the Refinancing. See "*Use of Proceeds*".

Additional Amounts .... Any payments made by the Issuer with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If the Issuer is required by law to withhold or deduct for such taxes with respect to a payment to the holders of Notes, the Issuer will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding is not less than the amount that they would have received in the absence of the withholding, subject to certain exceptions. See "*Description of the Notes—Additional Amounts*".

Optional Redemption for Tax Reasons .... In the event of certain developments affecting taxation which would require the Issuer or any guarantors of the Notes, if any, to pay additional amounts, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but excluding the date of redemption. See "*Description of the Notes—Tax Redemption*".

Change of Control .... Upon the occurrence of certain events defined as constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. See "*Description of the Notes—Purchase of Notes upon a Change of Control*".

Certain Covenants .... The Indenture will restrict the ability of the Issuer and its restricted subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or permit to exist certain liens;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- make certain asset sales;
- consolidate or merge with other entities;
- enter into certain transactions with affiliates; and
- impose restrictions on the ability of the Issuer's subsidiaries to pay

dividends or make other payments to the Issuer.

Each of these covenants is subject to significant exceptions and qualifications. See “*Description of the Notes—Certain Covenants*”.

Transfer Restrictions........................... The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. We have not agreed to, or otherwise undertaken to, nor do we intend to, register the Notes in the United States (including by way of an exchange offer) or file a shelf registration statement with respect to the Notes.

No Established Market........................ The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.

Listing and Trading............................ Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to admit them for trading on the Euro MTF Market thereof.

Governing law for the Notes and the Indenture .... New York.

Trustee, Paying Agent, Registrar and Transfer Agent .... Citibank, N.A., London Branch.

Listing Agent....................................... Banque Internationale à Luxembourg S.A.

Risk Factors .... Investing in the Notes involves substantial risks and uncertainties. Please see the “*Risk Factors*” section for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The summary financial information presented below is taken from the Issuer's audited consolidated financial statements for the years ended December 31, 2017, 2018 and 2019, prepared in accordance with IFRS and the Issuer's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2020 prepared in accordance with IFRS, a free translation of which, in each case, is included elsewhere in this Listing Prospectus.

The Issuer's audited consolidated financial statements for the years ended December 31, 2017, 2018 and 2019 were subject to an audit by Ernst & Young et Autres and Deloitte & Associés, the Issuer's statutory auditors for those years. The Issuer's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2020 were subject to a limited review by Ernst & Young et Autres and Deloitte & Associés, the Issuer's statutory auditors for such period.

We restated our previously published consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows as of and for the year ended December 31, 2018 in our audited consolidated financial statements as of and for the year ended December 31, 2019. This restatement was primarily to reflect the retrospective application of IFRS 16 – Leases, the classification of Leader Price within discontinued operations in accordance with IFRS 5, the finalization of the purchase price allocation for Sarenza, and a change in the method of presenting costs to obtain contracts. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

We restated our previously published consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows as of and for the year ended December 31, 2017 in our audited consolidated financial statements as of and for the year ended December 31, 2018. This restatement was primarily to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers. See Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2018.

We also restated our previously published consolidated income statement and consolidated statement of cash flows for the six months ended June 30, 2019 in our consolidated financial statements as of and for the six months ended June 30, 2020. This restatement was primarily to reflect the classification of Leader Price within discontinued operations in accordance with IFRS 5, a change in the method of presenting costs to obtain contracts and the definitive impacts of retrospectively applying IFRS 16 – Leases, recalculated once the Group's lease management software was in place. See "*Presentation of Financial and Other Information*" Note 1.3 to our unaudited consolidated financial statements as of and for the six months ended June 30, 2020.

To facilitate the review of these periods and present our financial information in a comparable manner:

- where we present income statement information for the year ended December 31, 2018 alongside income statement information for the ended December 31, 2019, we present such restated income statement information for the year ended December 31, 2018 as it appears in our consolidated financial statements as of and for the year ended December 31, 2019;
- where we present income statement information for the year ended December 31, 2018 alongside income statement information for the year ended December 31, 2017, we present such income statement information for the year ended December 31, 2018 as it appears in our consolidated financial statements as of and for the year ended December 31, 2018;
- where we present income statement information for the year ended December 31, 2017, we present such income statement information on a restated basis as it appears in our consolidated financial statements as of and for the year ended December 31, 2018;
- where we present balance sheet information as of December 31, 2017 and 2018, we present such balance sheet information on a restated basis as it appears in our consolidated financial statements as of and for the years ended December 31, 2018 and 2019, respectively; and
- where we present income statement information for the six months ended June 30, 2019, we present such income statement information on a restated basis as it appears in our consolidated financial statements as of and for the six months ended June 30, 2020.

The summary financial information presented below also presents unaudited financial information of the Issuer for the twelve-month period ended June 30, 2020 which was calculated by adding the unaudited interim condensed consolidated financial information for the six months ended June 30, 2020 to the audited consolidated financial information for the year ended December 31, 2019 extracted from the audited consolidated financial statements as of and for the year ended December 31, 2019, and subtracting the unaudited interim condensed consolidated financial information for the six months ended June 30, 2019 (as restated).

During the periods under review in this Listing Prospectus, we have adopted certain accounting standards that may have an impact on the comparability of the financial information presented herein. As a result, our financial statements may not be directly comparable between periods. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Accounting Methods*" and "*Presentation of Financial and Other Information*".

In connection with our adoption of IFRS 15, we changed the presentation of the income statement appearing in our consolidated financial statements beginning with our consolidated financial statements as of and for the year ended December 31, 2018, with a restated presentation of the comparative information as of and for the year ended December 31, 2017. We did not, however, republish our consolidated financial statements as of and for the year December 31, 2017 (which include a presentation of comparative information as of and for the year ended December 31, 2016). To facilitate the review of these periods and present our financial information in a comparable manner, where we present income statement information for the year ended December 31, 2017 alongside income statement information for the ended December 31, 2018, we present such income statement information for the year ended December 31, 2017 restated for IFRS 15.

We have applied the IFRS 16 standard from its mandatory adoption date of January 1, 2019. In the preparation of our financial statements as of and for the year ended December 31, 2019, we applied the full retrospective transition approach and have restated all comparative information as of and for the year ended December 31, 2018 in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. We have not, however, systematically restated our financial statements as of and for the year ended December 31, 2018 presented in this Listing Prospectus to give effect to IFRS 16.

We also present certain information as of and for the three months ended September 30, 2019 and 2020 and for the twelve months ended September 30, 2020 below. This information has not been the subject of an audit or a limited review by our independent auditors. We have not included in this Listing Prospectus any financial statements relating to such period. See "*Presentation of Financial and Other Information*".

Summary Consolidated Income Statement Information

	For the year ended December 31,	
	2017 (*Restated*)[1]	2018
	Pre-IFRS 16	
	Audited	
	in millions of euros	
CONTINUING OPERATIONS		
Net sales	37,490	36,604
Other revenue	555	532
Total revenue	**38,045**	**37,136**
Cost of goods sold	(28,555)	(27,831)
Gross margin	**9,490**	**9,305**
Selling expenses	(6,902)	(6,679)
General and administrative expenses	(1,376)	(1,416)
Trading profit	**1,213**	**1,209**
Other operating income	185	423
Other operating expenses	(666)	(798)
Operating profit	**732**	**834**
Income from cash and cash equivalents	81	37
Finance costs	(449)	(364)
Net finance costs	**(367)**	**(327)**
Other financial income	161	122
Other financial expenses	(239)	(260)
Profit before tax	**286**	**369**
Income tax (expense/benefit)	(48)	(204)
Share of profit of equity-accounted investees	13	17
Net profit/(loss) from continuing operations	**251**	**182**
Attributable to owners of the parent	108	(45)
Attributable to non-controlling interests	143	227
DISCONTINUED OPERATIONS		
Net profit/(loss) from discontinued operations	**47**	**(21)**
Attributable to owners of the parent	(7)	(9)
Attributable to non-controlling interests	54	(11)
CONTINUING AND DISCONTINUED OPERATIONS		
Consolidated net profit/(loss)	**298**	**161**
Attributable to owners of the parent	101	(54)
Attributable to non-controlling interests	198	215

(1) Restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers*. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the twelve months ended December 31, 2018.

	For the year ended December 31,		For the six months ended June 30,		For the twelve months ended June 30,
	2018 (*Restated*)(1)	2019	2019 (*Restated*)(2)	2020	2020
			Post-IFRS 16		
	Audited		*Unaudited*		*Unaudited*
			in millions of euros		
CONTINUING OPERATIONS					
Net sales	34,329	34,645	16,842	16,140	33,943
Other revenue	533	665	327	245	583
Total revenue	**34,862**	**35,310**	**17,169**	**16,385**	**34,526**
Cost of goods sold	(25,899)	(26,547)	(12,914)	(12,403)	(26,037)
Gross margin	**8,963**	**8,764**	**4,255**	**3,981**	**8,490**
Selling expenses	(6,244)	(6,100)	(3,105)	(2,939)	(5,935)
General and administrative expenses	(1,355)	(1,371)	(695)	(656)	(1,332)
Trading profit	**1,364**	**1,292**	**455**	**386**	**1,223**
Other operating income	350	61	50	223	234
Other operating expenses	(751)	(779)	(336)	(472)	(915)
Operating profit	**962**	**574**	**169**	**137**	**541**
Income from cash and cash equivalents	37	39	11	9	38
Finance costs	(356)	(396)	(166)	(197)	(426)
Net finance costs	**(320)**	**(356)**	**(156)**	**(188)**	**(388)**
Other financial income	122	265	105	87	247
Other financial expenses	(478)	(659)	(243)	(350)	(766)
Profit before tax	286	(176)	**(125)**	**(314)**	(366)
Income tax (expense/benefit)	**(188)**	**(137)**	(24)	12	**(101)**
Share of profit of equity-accounted investees	60	46	22	15	39
Net profit/(loss) from continuing operations	**159**	**(268)**	**(127)**	**(287)**	**(428)**
Attributable to owners of the parent	(60)	(384)	(172)	(334)	(546)
Attributable to non-controlling interests	218	116	45	47	118
DISCONTINUED OPERATIONS					
Net profit/(loss) from discontinued operations	**(32)**	**(1,054)**	**(98)**	**(158)**	**(1,114)**
Attributable to owners of the parent	(57)	(1,048)	(110)	(162)	(1,100)
Attributable to non-controlling interests	25	(6)	12	4	(14)
CONTINUING AND DISCONTINUED OPERATIONS					
Consolidated net profit/(loss)	**127**	**(1,322)**	**(226)**	**(445)**	**(1,541)**
Attributable to owners of the parent	(117)	(1,432)	(282)	(496)	(1,646)
Attributable to non-controlling interests	244	110	57	52	104

(1) Restated to reflect mainly (a) the retrospective application of IFRS 16 – *Leases*, (b) the change in the method of presenting costs to obtain contracts, (c) the finalization of the purchase price allocation for Sarenza and (d) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the twelve months ended December 31, 2019.

(2) Restated to reflect mainly (a) the definitive impacts of the retrospective application of IFRS 16 – *Leases*, recalculated once the Group's lease management software was in place, (b) the change in the method of presenting costs to obtain contracts and (c) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "*Presentation of Financial and Other Information*" and Note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

Summary Consolidated Statement of Financial Position Information

	As of December 31,			As of June 30,
	2017 (*Restated*)(1)	2018 (*Restated*)(2)	2019	2020
	Pre-IFRS 16	*Post-IFRS 16*		
	Audited			*Unaudited*
	in millions of euros			
Goodwill	9,031	8,682	7,489	6,746
Intangible assets	2,879	2,265	2,296	2,046
Property, plant and equipment	7,289	5,843	5,113	4,271
Investment property	460	497	493	443
Right-of-use assets	-	4,592	4,837	4,387
Investments in equity-accounted investees	575	500	341	205
Other non-current assets	1,199	1,151	1,183	1,010
Deferred tax assets	522	667	772	853
Total non-current assets	**21,955**	**24,197**	**22,524**	**19,960**
Inventories	3,815	3,834	3,775	3,371
Trade receivables	937	905	836	807
Other current assets	1,287	1,383	1,536	1,665
Current tax assets	138	165	111	131
Cash and cash equivalents	3,391	3,730	3,572	2,207
Assets held for sale	6,593	8,433	2,491	2,448
Total current assets	**16,161**	**18,450**	**12,320**	**10,630**
Total assets	**38,116**	**42,647**	**34,844**	**30,590**
Share capital	170	168	166	166
Additional paid-in capital, treasury shares, retained earnings and consolidated net profit/(loss)	7,385	6,333	4,602	3,580
Equity attributable to owners of the parent	**7,555**	**6,501**	**4,767**	**3,746**
Non-controlling interests	**5,468**	**5,208**	**3,523**	**2,881**
Total equity	**13,023**	**11,709**	**8,291**	**6,627**
Non-current provisions for employee benefits	358	366	357	337
Other non-current provisions	514	481	458	322
Non-current financial liabilities	7,229	6,782	8,100	7,326
Non-current lease liabilities	-	3,560	3,937	3,627
Non-current put options granted to owners of non-controlling interests	28	63	61	62
Other non-current liabilities	489	464	181	165
Deferred tax liabilities	725	667	566	459
Total non-current liabilities	**9,343**	**12,384**	**13,661**	**12,298**
Current provisions for employee benefits	11	11	11	11
Other current provisions	162	160	153	181
Trade payables	6,664	6,668	6,580	5,090
Current financial liabilities	1,493	2,199	1,549	1,752
Current lease liabilities	-	677	740	678
Current put options granted to owners of non-controlling interests	143	126	105	119
Current tax liabilities	88	124	48	84
Other current liabilities	2,509	2,613	2,839	2,823
Liabilities associated with assets held for sale	4,680	5,977	867	928
Total current liabilities	**15,750**	**18,554**	**12,892**	**11,664**
Total equity and liabilities	**38,116**	**42,647**	**34,844**	**30,590**

(1) Restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers*. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the twelve months ended December 31, 2018.

(2) Restated to reflect mainly (a) the retrospective application of IFRS 16 – *Leases*, (b) the change in the method of presenting costs to obtain contracts, (c) finalization of the purchase price allocation for Sarenza and (d) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the twelve months ended December 31, 2019.

Summary Consolidated Statement of Cash Flows Information

	For the year ended December 31,			For the six months ended June 30,	
	2017 (*Restated*)(1)	2018 (*Restated*)(2)	2019	2019 (*Restated*)(3)	2020
	Pre-IFRS 16	Post-IFRS 16			
		Audited		***Unaudited***	
	(in millions of euros)				
Net cash from/(used in) operating activities.....	1,506	2,601	1,120	(922)	60
Net cash from/(used in) investing activities	(1,202)	(99)	(32)	503	(375)
Net cash used from/(used in) financing activities	(2,473)	(1,796)	(2,088)	(1030)	(667)

(1) Restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers*. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the twelve months ended December 31, 2018.

(2) Restated to reflect mainly (a) the retrospective application of IFRS 16 – *Leases*, (b) the change in the method of presenting costs to obtain contracts, (c) finalization of the purchase price allocation for Sarenza and (d) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the twelve months ended December 31, 2019.

(3) Restated to reflect mainly (a) the definitive impacts of the retrospective application of IFRS 16 – *Leases*, recalculated once the Group's lease management software was in place, (b) the change in the method of presenting costs to obtain contracts and (c) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "*Presentation of Financial and Other Information*" and Note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

Other Historical and As Adjusted Financial Information

	For the year ended December 31,		For the six months ended June 30,		For the twelve months ended June 30,
	2018[1] (*Restated*)	2019	2019[2] (*Restated*)	2020	2020
			Post-IFRS 16		
	in millions of euros, unless otherwise indicated				
Net sales from continuing operations	34,329	34,645	16,842	16,140	33,943
Of which					
France Retail	*16,786*	*16,322*	*8,045*	*7,791*	*16,068*
Same-store growth from prior period (in %) [3]		*0.3%*	*0.5%*	*6.0%*	
E-Commerce	*1,965*	*1,966*	*889*	*948*	*2,025*
Latam Retail	*15,577*	*16,358*	*7,908*	*7,401*	*15,850*
EBITDA from continuing operations [4]	2,669	2,640	1,123	1,066	2,583
Of which					
France Retail	*1,413*	*1,467*	*601*	*564*	*1,429*
E-Commerce	*39*	*69*	*13*	*43*	*98*
Latam Retail	*1,217*	*1,104*	*508*	*459*	*1,055*
Underlying net profit/(loss) from continuing operations [5]	595	369	79	(30)	260
Underlying net profit/(loss)from continuing operations, Group share [5]	327	212	12	(87)	113

	For the three months ended September 30,		For the twelve months ended September 30,
	2019	2020	2020
Net sales from continuing operations	8,575	7,426	32,794
Of which			
France Retail	*4,112*	*3,676*	*15,631*
E-Commerce	*461*	*447*	*2,011*
Latam Retail	*4,002*	*3,303*	*15,152*
EBITDA from continuing operations [4]	587	599	2,595
Of which			
France Retail + E-Commerce	*311*	*358*	*1,574*
Latam Retail	*275*	*241*	*1,021*
Adjusted EBITDA [6]	587	599	2,595
Of which			
France Retail + E-Commerce	*311*	*358*	*1,572*
Latam Retail	*275*	*241*	*1,023*
Adjusted EBITDA including leases [6]	345	377	1,658
Of which			
France Retail + E-Commerce	*146*	*199*	*925*
Latam Retail	*199*	*178*	*733*

	As of June 30, 2020	As of September 30, 2020
Group adjusted gross debt [7][9]	8,554	8,509
Of which		
France Retail + E-Commerce	*5,776*	*5,974*
Latam Retail	*2,777*	*2,535*
Group adjusted net debt [8][9]	6,347	6,768
Of which		
France Retail + E-Commerce	*4,826*	*5,328*
Latam Retail	*1,520*	*1,441*

	As of September 30, 2020
	Post-IFRS 16
	in millions of euros, unless otherwise indicated
As Adjusted Financial Information	
Total Group adjusted gross debt, as further adjusted for the Transactions(7)(9)	7,521
Of which	
France Retail / E-commerce	4,986
Latam Retail	2,535
Total Group adjusted net debt, as further adjusted for the Transactions (8)(9)	6,127
Of which	
France Retail / E-commerce	4,687
Latam Retail	1,441
Total France Retail / E-commerce adjusted secured gross debt, as further adjusted for the Transactions (9)(10)	2,025
Total France Retail / E-commerce adjusted secured net debt, as further adjusted for the Transactions (9)(10)	1,725
As adjusted interest expense (11)	342
Of which	
France Retail / E-commerce	198
Latam Retail	144
Ratio of total Group adjusted gross debt, as further adjusted for the Transactions, to Adjusted EBITDA including leases (6)(7)(9)	4.5x
Ratio of total Group adjusted net debt, as further adjusted for the Transactions, to Adjusted EBITDA including leases (6)(8)(9)	3.7x
Ratio of France Retail / E-commerce adjusted gross debt, as further adjusted for the Transactions, to France Retail / E-commerce Adjusted EBITDA including leases (6)(7)(9)	5.4x
Ratio of France Retail / E-commerce adjusted net debt, as further adjusted for the Transactions, to France Retail / E-commerce Adjusted EBITDA including leases (6)(8)(9)	5.1x
Ratio of France Retail / E-commerce adjusted secured gross debt, as further adjusted for the Transactions, to France Retail / E-commerce Adjusted EBITDA including leases (6)(9)(10)	2.2x
Ratio of France Retail / E-commerce adjusted secured net debt, as further adjusted for the Transactions, to France Retail / E-commerce Adjusted EBITDA including leases (6)(9)(10)	1.9x
Ratio of Adjusted EBITDA including leases to as adjusted interest expense (6) (11)	4.9x
Ratio of France Retail / E-Commerce Adjusted EBITDA including leases to France Retail / E-commerce as adjusted interest expense (6) (11)	4.7x

(1) Restated to reflect mainly (i) the retrospective application of IFRS 16 – Leases (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"), (ii) a change in the method of presenting costs to obtain contracts (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*"), (iii) finalization of the purchase price allocation for Sarenza and (iv) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See notes 1.3.1 and 1.3.2 to our audited annual consolidated financial statements as of and for the year ended December 31, 2019.

(2) Restated to reflect mainly (i) the classification of Leader Price as a discontinued operation in accordance with IFRS 5 (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Consolidation Scope—Leader Price Disposal*"), (ii) a change in the method of presenting costs to obtain contracts (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*") and (iii) the definitive impacts of the retrospective application of IFRS 16 – Leases (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"), recalculated once the

Group's lease management software was in place. See note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

(3) For the definition of same-store growth, see "*Presentation of Financial and Other Information*".

(4) EBITDA, or earnings before interest, taxes, depreciation and amortization, is defined as trading profit plus recurring depreciation and amortization expenses included in trading profit (but excluding impairment of inventories and trade receivables, other receivables and provisions for litigation and risks included in trade profit). The table below shows a reconciliation from trading profit to EBITDA.

	For the year ended December 31,		For the six months ended June 30,		For the twelve months ended June 30,	For the three months ended September 30,		For the twelve months ended September 30,
	2018 (*Restated*) (1)	2019	2019 (*Restated*) (2)	2020	2020	2019	2020	2020
	Post-IFRS 16							
	in millions of euros							
CONTINUING OPERATIONS								
Trading profit [(a)]..	**1,364**	**1,292**	**455**	**386**	**1,223**	**243**	**263**	**1,242**
France Retail + E-Commerce .	*606*	*680*	*190*	*154*	644	*91*	*123*	*676*
Latam Retail.....	*758*	*612*	*265*	*232*	*579*	*152*	*139*	*566*
Depreciation and amortization expense............	(1,305)	(1,348)	(667)	(680)	(1,360)	(343)	(336)	(1,353)
France Retail + E-Commerce .	*(846)*	*(856)*	*(425)*	*(453)*	*(884)*	*(221)*	*(234)*	*(897)*
Latam Retail.....	*(459)*	*(492)*	*(243)*	*(226)*	*(476)*	*(123)*	*(102)*	*(455)*
EBITDA..............	**2,669**	**2,640**	**1,123**	**1,066**	**2,583**	**587**	**599**	**2,595**
France Retail + E-Commerce .	*1,452*	*1,536*	*614*	*607*	*1,528*	*311*	*358*	*1,574*
Latam Retail.....	*1,217*	*1,104*	*508*	*459*	*1,055*	*275*	*241*	*1,021*

(a) Trading profit is defined as operating profit before other operating income and expenses.

(5) Underlying net profit/(loss), Group share corresponds to net profit/(loss) from continuing operations, adjusted for (i) the impact of other operating income and expenses, (ii) the impact of non-recurring financial items, (iii) income tax expense/benefit related to these adjustments and (iv) the application of IFRIC 23 – Uncertainties about Tax Treatments. Non-recurring financial items consist of changes in the fair value of equity derivatives (such as total return swaps and forward contracts on CBD shares) and the effects of discounting tax liabilities in Brazil.

Minority interests in underlying profit represent the share of underlying net profit attributable to non-controlling interests. This indicator is therefore equal to net profit from continuing operations attributable to non-controlling interests, adjusted for non-controlling interests in other operating income and expenses and the impact of non-recurring financial items, as well as income tax expense/benefits related to these adjustments and the application of IFRIC 23 – Uncertainties about Tax Treatments. The Group uses these indicators to measure changes in recurring profit from operations.

The table below shows a reconciliation from net profit (loss) from continuing operations to underlying net profit (loss), Group share.

	For the year ended December 31,		For the six months ended June 30,		For the twelve months ended June 30,
	2018 (*Restated*) (1)	2019	2019 (*Restated*) (2)	2020	2020
	Post-IFRS 16				
	in millions of euros, unless otherwise indicated				
Net profit (loss) from continuing operations	**159**	**(268)**	**(127)**	**(287)**	**(428)**
Plus/(minus)					
Other operating income (expense)	402	719	286	249	682
Other financial income (expense) [(a)]...........	47	34	(47)	74	154
Of which					
Change in fair value of derivative instruments not qualifying for hedge accounting...	23	26	(50)	73	149

	For the year ended December 31,		For the six months ended June 30,		For the twelve months ended June 30,
	2018 (*Restated*) (1)	2019	2019 (*Restated*) (2)	2020	2020
	Post-IFRS 16				
	in millions of euros, unless otherwise indicated				
Other	24	8	4	1	6
Tax effect related to the above	(13)	(116)	(33)	(66)	(148)
Underlying net profit	**595**	**369**	**79**	**(30)**	**260**
Attributable to non-controlling interests	267	157	67	57	147
Group share	327	212	12	(87)	113

(a) Corresponds to the sum of changes in the fair value of equity derivatives (such as total return swaps and forward contracts on GPA shares) and the effects of discounting tax liabilities in Brazil.

(6) Adjusted EBITDA represents EBITDA with a scope of consolidation as defined in the Group's Term Loan B Facility Agreement, Revolving Credit Facility Agreement and the Senior Secured Notes Indenture, pursuant to which the main adjustment is the inclusion of certain entities (including Segisor) in France Retail and E-Commerce, and their exclusion from Latam Retail.

Adjusted EBITDA including leases corresponds to Adjusted EBITDA less the repayment of lease liabilities and interest paid on lease liabilities. The table below shows a reconciliation from EBITDA to Adjusted EBITDA including leases for the three months ended September 30, 2019, the twelve months ended June 30, 2020, the three months ended September 30, 2020 and the twelve months ended September 30, 2020.

	For the three months ended September 30, 2019			
	Post-IFRS 16			
	in millions of euros			
	EBITDA	Impact of leases [(a)]	Other adjustments [(b)]	Adjusted EBITDA including leases
Group	**587**	**(241)**	**0**	**345**
France Retail & E-commerce	*311*	*(165)*	*0*	*146*
Latam Retail	*275*	*(76)*	*0*	*199*

	For the twelve months ended June 30, 2020			
	Post-IFRS 16			
	in millions of euros			
	EBITDA	Impact of leases [(a)]	Other adjustments [(b)]	Adjusted EBITDA including leases
Group	**2,583**	**(957)**	**0**	**1,626**
France Retail & E-commerce	*1,528*	*(654)*	*(2)*	*872*
Latam Retail	*1,055*	*(303)*	*2*	*754*

	For the three months ended September 30, 2020			
	Post-IFRS 16			
	in millions of euros			
	EBITDA	Impact of leases [(a)]	Other adjustments [(b)]	Adjusted EBITDA including leases
Group	**599**	**(221)**	**0**	**377**
France Retail & E-commerce	*358*	*(158)*	*0*	*199*
Latam Retail	*241*	*(63)*	*0*	*178*

	For the twelve months ended September 30, 2020			
	Post-IFRS 16			
	in millions of euros			
	EBITDA	**Impact of leases [(a)]**	**Other adjustments [(b)]**	**Adjusted EBITDA including leases**
Group	**2,595**	**(937)**	**0**	**1,658**
France Retail & E-commerce	*1,574*	*(647)*	*(2)*	*925*
Latam Retail	*1,021*	*(290)*	*2*	*733*

(a) Includes repayment of lease liabilities and interest paid on lease liabilities.

(b) Pursuant to the terms of the Term Loan B Facility Agreement, the Revolving Credit Facility Agreement and the Senior Secured Notes Indenture, the Latam Retail perimeter includes CBD and its subsidiaries, whereas in our accounting segmentation some other international subsidiaries are included in the Latam Retail segment. As a result, in order to reflect an Adjusted EBITDA that corresponds to the definition applicable under these financing documents, we reclassify the EBITDA attributable to these entities as part of the France Retail & E-commerce Adjusted EBITDA.

(7) Group adjusted gross debt represents gross debt with a scope of consolidation as defined in the Group's Term Loan B Facility Agreement, Revolving Credit Facility Agreement and the Senior Secured Notes Indenture, pursuant to which the main adjustment is the inclusion of certain entities (including Segisor) in France Retail and E-Commerce, and their exclusion from Latam Retail.

(8) Group adjusted net debt represents net debt, with a scope of consolidation as defined in the Group's Term Loan B Facility Agreement, Revolving Credit Facility Agreement and the Senior Secured Notes Indenture, pursuant to which the main adjustment is the inclusion of certain entities (including Segisor) in France Retail and E-Commerce, and their exclusion from Latam Retail. This is presented before the impact of IFRS 5. As of June 30, 2020, including the impact of IFRS 5, Group adjusted net debt for the combined France Retail and E-Commerce segments and the Latam Retail segment was €3,404 million and €1,429 million, respectively.

(9) The tables below present a reconciliation from gross borrowings and debt to Group adjusted gross debt and Group adjusted net debt as of June 30, 2020 and September 30, 2020.

	As of June 30, 2020						
	Post-IFRS 16						
	in millions of euros						
	Gross borrowings and debt	**Fair value hedges – assets**	**Other financial assets**	**Others**	**Group adjusted gross debt**	**Cash and cash equivalents**	**Group adjusted net debt**
Group	**9,078**	**(165)**	**(360)**	**0**	**8,554**	**(2,207)**	**6,347**
France Retail & E-commerce	*5,964*	*(96)*	*(326)*	*234*	*5,776*	*(950)*	*4,826*
Latam Retail	*3,114*	*(69)*	*(33)*	*(234)*	*2,777*	*(1,258)*	*1,520*

	As of September 30, 2020						
	Post-IFRS 16						
	in millions of euros						
	Gross borrowings and debt	**Fair value hedges – assets**	**Other financial assets**	**Others**	**Group adjusted gross debt**	**Cash and cash equivalents**	**Group adjusted net debt**
Group	**8,957**	**(147)**	**(302)**	**0**	**8,509**	**(1,740)**	**6,768**
France Retail & E-commerce	*6,119*	*(98)*	*(267)*	*220*	*5,974*	*(646)*	*5,328*
Latam Retail	*2,838*	*(49)*	*(34)*	*(220)*	*2,535*	*(1,094)*	*1,441*

(10) Excludes as of September 30, 2020, €58 million of indebtedness in the form of bank loans incurred by certain operating entities of the Franprix network which is secured by a security interest over the relevant going concern (*fonds de commerce*) and/or the relevant real estate assets (included in "Other debt and financial assets"). Amounts outstanding under the Segisor Credit Facility and finance leases are not treated herein as secured debt.

(11) As adjusted interest expense is defined as interest expense on debt outstanding, giving effect to the Transactions as if they had occurred on October 1, 2019, the repayment in full of the 2020 EMTN Bonds at maturity, the repayment in part of the 2021 EMTN Bonds, the 2022 EMTN Bonds, the 2023 EMTN Bonds and the 2024 EMTN Bonds in November 2020 and applying the interest rates applicable as of September 30, 2020 on the Existing EMTN Bonds that we estimate will remain outstanding after giving effect to the Transactions, as if they were applicable for the entire period. In calculating as adjusted interest expense, we have assumed: (a) that holders of (i) approximately 80% in outstanding principal amount of our 2021 EMTN Bonds will tender, (ii) approximately 40% in outstanding principal amount of our 2022 EMTN Bonds will tender, (iii) approximately 80% in outstanding principal amount of our 2023 EMTN Bonds will tender, (iv) approximately 40% in outstanding principal amount of our 2024 EMTN Bonds will tender and (v) approximately 40% in outstanding principal amount of our 2025 EMTN Bonds will tender; (b) a constant EURIBOR and LIBOR rate for the twelve

months ended September 30, 2020; (c) a constant margin of 5.50% on loans made under the Term Loan B Facility Agreement including the Incremental Term Loan B); and (d) no drawings under the Revolving Credit Facility during the period. As adjusted interest expense is presented for illustrative purposes only and does not purport to represent what our interest payments would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our interest payments for any future period or our financial condition at any future date.

Other Key Performance Indicators

	As of and for the year ended December 31,			As of and for the six months ended June 30,		As of and for the nine months ended September 30,
	2017	2018	2019	2019	2020	2020
Selected France Retail store-based information (1)						
Number of stores(2)	8,444	8,236	7,946	7,975	7,530	7,564
Of which						
Hypermarkets	*122*	*122*	*109*	*113*	104	105
Of which						
French franchises/affiliates	*7*	*7*	*4*	*6*	4	4
International affiliates	*5*	*5*	*6*	*5*	6	7
Supermarkets	*433*	*442*	*411*	*420*	415	414
Of which						
French franchises/affiliates	*106*	*104*	*83*	*92*	69	68
International affiliates	*17*	*19*	*22*	*20*	22	23
Monoprix	*789*	*795*	*784*	*771*	789	791
Of which						
Franchises/affiliates	*211*	*203*	*186*	*178*	190	191
Naturalia	*161*	*175*	*182*	*179*	181	181
Naturalia franchises	*7*	*13*	*23*	*16*	26	28
Franprix	*893*	*894*	*877*	*888*	869	869
Of which franchises	*399*	*433*	*459*	*443*	481	463
Convenience stores	*5,392*	*5,153*	*5,139*	*5,142*	*5,134*	*5,166*
French franchises/affiliates	*4,271*	*4,274*	*4344*	*4344*	*4366*	*4413*
International affiliates	*15*	*28*	*38*	*38*	*34*	*44*
Vindémia	*209*	*239*	*259*	*246*		
Other	*606*	*591*	*367*	*395*	*219*	*219*
Total sales area (in thousands of sq. m.)	3,396	3,375	3,235	3,815	*3199*	*3207*
Of which						
Hypermarkets	856	848	772	788	737	740
Supermarkets	715	726	667	681	672	668
Monoprix	732	737	741	736	742	743
Franprix	367	364	352	359	347	347
Convenience stores	726	700	701	700	699	707
Vindémia	117	118	112	119	0	0
Average sales area (in sq. m.)						
Hypermarkets	7,013	6,947	7,085	6,973	7,087	7,048
Supermarkets	1,652	1,642	1,622	1,621	1,618	1,613
Monoprix	928	927	945	954	940	939
Of which Naturalia	216	218	226	223	228	230
Franprix	411	407	401	404	399	399
Convenience stores	135	136	136	136	136	137
Vindémia	560	495	471	485	0	0
Selected Cdiscount information						
GMV	3,304	3,646	3,899	1,754	1,946	2,887
Customer traffic (in millions of visitors)	922	964	1,021	491	562	815

(1) Information as of the period beginning January 1, 2020 excludes stores in the Indian Ocean region, divested in 2020.

(2) Information excludes Leader Price stores, sold to Aldi in 2020.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this Listing Prospectus, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below, individually or together, could materially adversely affect our business, financial condition, results of operations and prospects. If these events occur, the trading prices of the Notes could decline, and we may not be able to pay any or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or that we now deem immaterial could also adversely affect our business, results of operations, financial condition and prospects or our ability to fulfill our obligations under the Notes, which in turn would affect your investment in the Notes.

This Listing Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include those discussed below and elsewhere in this Listing Prospectus. See "Forward-Looking Statements".

Risks Related to our Business and Industry

We operate in a highly competitive industry and rapidly evolving markets, and our business and financial results may be adversely affected by actions of our competitors and our failure to respond to competitive pressures.

Our competition generally includes international and domestic brick-and-mortar retailers (generalist grocers, supermarket chains, discount retailers, specialists and convenience stores) and their e-commerce sites. Our competitors generally compete with us on the basis of location, quality of products, service, price, product variety, brand reputation, store condition and stage of multi-channel development.

In executing our strategy, we may face a variety of competitive challenges, including, among others:

- potential emergence of new competitors, including foreign and domestic retailers entering our markets, or consolidation of existing operators;
- potential creation by competitors of new store formats or further development of e-commerce platforms that customers may prefer;
- the risk of our competitors adopting our business model in their own stores; and
- competitive pressure on product pricing from core competitors, as well as discount retailers.

The performance of our competitors and changes in their pricing and promotions, product mix or other business strategies, and our response to address competition, may cause us to experience lower sales revenue, higher operating expenses and/or lower profit margins. Moreover, to a more limited extent, our own similarly-positioned brands and banners may compete with one another for customers.

The expansion of online sales channels, both by existing market participants and new entrants, has further intensified the competitive dynamics of our industry and we expect this trend to continue, particularly as a result of consumers' increased reliance on e-commerce retailers since the onset of the COVID-19 pandemic. Competition, in both brick-and-mortar and e-commerce, is particularly intense in the mature French market. In our international operations, we are a leader in most of the markets in which we operate. Our competitors in these markets include international and local retailers, including cash & carry operators and hard discount retailers, seeking to strengthen their positions. We monitor the competitive environment of our markets and their trends at a country and banner level in the short term through efficient pricing management and carrying out promotional or loyalty campaigns. In the medium term, we also monitor our mix of formats and banners and seek out opportunities to increase multi-channel sales. We also seek to identify and execute asset development, franchise transactions or purchase and sale transactions by strategically identifying and developing store formats and banners tailored to the different locations in which they operate. We cannot guarantee that these efforts will be successful in preventing our competitors from making significant inroads in our markets at our expense.

Our pure e-commerce platform, Cdiscount, and our brick-and-mortar banners, most of which have e-commerce operations, also face intense competition from both other e-commerce providers and brick-and-mortar retailers with e-commerce operations. Online retailers such as Amazon may have more experience and greater resources than we do and may be able to offer products at more attractive prices than we can. Retailers are increasingly introducing internet distribution platforms. Barriers to entry for e-commerce are low, and current and new competitors can launch new e-commerce platforms at a relatively low cost by using commercially available software or partnering with any of a number of successful e-commerce companies. In addition, a significant amount of Cdiscount's business relies on its ability to attract both customers and sellers to use its marketplace. We expect competition on online channels to continue to intensify and as a result, we may experience pricing pressure and loss of market share.

There can be no assurance that we can successfully compete with our competitors or that new competitors will not enter the industry. Even in geographies in which we have a particularly strong retail presence, such as the Paris region, we face the risk that new retail market entrants may attempt to gain market share through pricing pressure. If we are unable to maintain our competitive position, we could experience downward pressure on prices, lower demand for our products, reduced margins, the inability to take advantage of new business opportunities and the loss of market share, which could adversely affect our business, results of operations and financial condition.

We are exposed to economic and other trends that could adversely impact our operations.

Demand for our products and services could be adversely affected by unfavorable economic conditions and their impact on consumer spending. The sales, operating performance and cash generation of our businesses are strongly correlated with non-discretionary household expenditure. A global economic downturn that impacts any of the countries in which we do business may adversely affect consumer confidence and demand for non-essential goods such as those sold by Monoprix, Cdiscount and our Latam Retail banners. A global economic downturn may also have an adverse impact on the sale of food and other non-discretionary items as consumers may reduce the overall amount they spend, by purchasing more entry-level products and/or shopping at stores operating under lower-cost formats, such as cash & carry or hard discount stores. Even when consumers switch to our banners operating under such formats, entry-level products and banners with a low-price positioning tend to be structurally less profitable. As a result, our profitability may be adversely impacted if the mix of formats generating our sales changes significantly as a result of economic conditions.

Moreover, our businesses are concentrated in France and a limited number of countries in Latin America, increasing our exposure to unfavorable macroeconomic developments affecting those countries. For example, 71% of our stores were located in France as of December 31, 2019 and consequently, any deterioration in the French or European economy could have a significant effect on our overall business, results of operations and financial condition. According to the French National Institute for Statistics and Economic Studies (*Institut national de la statistique et des études économiques,* or INSEE), French GDP grew at only 1.2% in 2019, 1.7% in 2018 and 2.3%, in 2017. The macro-financial outlook in our markets has been recently strongly influenced by external factors such as the economic impact of the COVID-19 pandemic and the various shutdowns that have occurred in the spring and autumn of 2020. More generally, external factors such as the weaker and maturing global economic cycle, the greater uncertainty associated with global trade tensions and the risks that such tensions pose on economic growth and global stability have also influenced the macro-economic outlook. The IMF estimates that GDP is expected to contract in the markets in which we operate for the year ended December 31, 2020 (by 9.8% in France, 5.8% in Brazil, 8.2% in Columbia and 4.5% in Uruguay). The strength of our business is tied with the GDP growth in the various countries in which we operate and, as such, lower GDP in the various countries in which we operate could adversely affect our operations, sales revenue and financial results. In addition, economic activity and financial stability in Europe could be affected by the monetary policy normalization that the European Central Bank is expected to continue implementing. Economic activity remains dependent on highly accommodative macroeconomic policies and is subject to downside risks. The implementation of policies that are perceived to be less consumer-friendly may restrict economic recovery. In addition, political developments in the European Union (the "**EU**"), including future integration or withdrawal of European countries in the EU, such as Brexit, or changes in the economic policy, executive authority or composition of the EU and its institutions, may have an adverse effect on the overall economic stability of the EU and the European countries in which our assets and operations are located. Furthermore, potential EU instability may have important consequences on our ability to obtain supplies from other EU countries at reasonable costs. Political, economic, regulatory or administrative developments in these countries could have a material adverse effect on our business and results of operations. Latin American economies have also historically been subject to swings in economic activity, including for example, Brazil, where the economy experienced an economic downturn in 2015 and 2016 and nearly slipped into recession in 2019, and in Argentina, which the Group has qualified as a hyperinflationary economy.

Our net sales and profitability are strongly correlated to consumer discretionary spending, which in turn is influenced by the cyclical nature of the global economy, the outbreak of global pandemics or health crises, levels of unemployment, population demographics, inflation or deflation, real disposable income, VAT increases, interest rates, the availability of consumer credit, social movements and consumer perception of overall economic conditions and their own economic prospects, all of which are factors beyond our control. For example, these factors may make it more difficult to increase prices or may result in decreased footfall of our stores if we do. To limit our sensitivity to economic and other trends, we have focused on diversification of our business operations across several geographies and across new business activities to reduce our dependence on the food business cycle, such as energy offerings through GreenYellow and data solutions through relevanC and ScaleMax. In addition, we have developed omni-channel distribution across a broad spectrum of both digital and brick-and-mortar formats and concentrated on consistently adapting our banners and brand concepts to meet the needs of our target customer base, such as by increasing the number of stores specializing in organic produce. However, we cannot guarantee that these efforts will be successful in limiting the impact of unfavorable economic conditions or other trends, which are not in our control. Unfavorable economic conditions or uncertain economic or political outlook in one or more of the principal markets in which we operate or will operate in the future could therefore significantly and adversely affect our net sales, growth and profitability and could have a material adverse effect on our business, financial condition, results of operations or ability to implement our strategic decisions.

The COVID-19 pandemic has impacted our operations and this or other future pandemics could impact our business, financial condition and results of operations.

The COVID-19 outbreak had a significant impact on our operations, including by requiring us to manage customer numbers at our premises, reduce the operation of certain stores depending on the guidelines or orders of the relevant government, invest in protective and other safety equipment, accelerate the deployment of automated check-outs, increase our capacity for home delivery and click & collect purchase options, build up our inventory of consumer staples and transition to a remote work environment for our headquarters function. Many of the shelter-in-place requirements imposed by the governments in the countries where we operate were reinstated in the fall following the easing of the onerous lockdown restrictions imposed at the outset of the pandemic over the course of the summer of 2020 as a result of new cases continuing to be registered in many countries. In addition, the IMF estimates that GDP is expected to contract in the markets in which we operate for the year ended December 31, 2020 (by 9.8% in France, 5.8% in Brazil, 8.2% in Columbia and 4.5% in Uruguay). A prolonged recessionary environment could materially and adversely affect consumer spending, wholesale client purchasing power and commercial property prices, which could negatively affect our business. In the event there is another widespread regional, national or global health epidemic or pandemic, our business could be severely impacted.

The long-term financial impact of the COVID-19 pandemic on such factors as consumer consumption, gross domestic product and exchange rates is unknown at this time. The ongoing prevalence of the COVID-19 outbreak could continue to (i) reduce the purchasing power of our customers, (ii) reduce tourism numbers, which generally contribute to our sales revenue in the summer months at certain of our store locations, (iii) adversely impact our business by disrupting or delaying the production and delivery of products to our stores, (iv) adversely impact transport availability and cost, (v) impact the financial stability of our suppliers and franchisees and (vi) impact the valuation of our real estate holdings. While we have seen a significant increase in the volume of home delivery, click & collect and drive & collect purchases, and have adapted our distribution networks to accommodate this surge in demand, we are unable to predict whether COVID-19 (including any future waves of this disease) will have any long-term impact on consumer shopping behavior and how this may impact our business strategies and outlook moving forward. We cannot guarantee that we will be able to continue to scale our online delivery and curb-side pick-up options quickly enough, or as quickly as our competitors, to accommodate customers' demands.

Furthermore, the COVID-19 outbreak, its possible aggravation or any future pandemic, or the perception that such outbreaks may occur, may cause people to avoid gathering in public places, which may adversely affect our customer traffic, our ability to adequately staff our stores and operations and our ability to transport product on a timely basis. Furthermore, to the extent that future disease outbreaks involve a pathogen that is food-borne, or that is perceived to be food-borne, such outbreaks may adversely affect the price and availability of certain food products and cause our customers to eat less of such products.

A renewed COVID-19 outbreak or any other future pandemic may also result in disruptions to our supply chain, increased diversion of management's attention, inability to profitably operate our smaller convenience formats due to limitations on the total number of customers that may be in the store at any one time and the inability of our commercial tenants to pay rent.

Any of the foregoing impacts of the COVID-19 outbreak or any other future pandemic could have a material adverse effect on our business, financial position and results of operations. The duration of any such impacts cannot be predicted because of the unprecedented nature of the COVID-19 pandemic. For a further discussion of the impact of COVID-19 on our business, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations*".

Our business is very seasonal in nature, and our net sales, working capital requirements and operating results may vary quarter to quarter as a result.

The Indenture will require us to provide certain financial information to bondholders on a quarterly, semi-annual and annual basis. Our sales, profits, working capital requirements and cash flows within any given year have historically been affected by seasonal fluctuations. For example, sales volumes have historically been significantly higher in December in the run-up to the holiday season. In addition, the net sales that we generate from the sale of non-essential goods, especially through our Cdiscount business, is subject to promotional peaks, such as Black Friday, or the biannual sales seasons in France. These seasonal influences have a direct impact on our earnings, and fluctuations in our inventory or store closings during these peak periods can affect our working capital requirements. If seasonal fluctuations are greater than anticipated, there could be an adverse effect on our business, financial condition and results of operations. Our quarterly results of operations may also fluctuate significantly as a result of other factors, including the timing of new store openings, temporary or definitive closings or disposals, and the net sales contributed by new stores or the loss of net sales from closed or sold stores. For these reasons, sequential quarterly comparisons may not be a good indication of our performance or how we may perform in the future. For a further discussion of the impact of seasonality on our business, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Seasonality and comparability of results*".

Sales of our products are subject to changing consumer preferences.

The success of our business depends on the continued appeal of the range of products we offer through our network of stores, franchises and online operations. Given the varied backgrounds and tastes of our customer base, we must offer a sufficient range of products to satisfy a broad spectrum of preferences which can differ in each of the countries in which we operate and across each of our different formats. In addition, demand for our food products could be affected by consumers' increasing concern regarding food safety, health and wellness with respect to the food products they buy, such as consumers' increasing focus on the health effects of certain ingredients such as processed fats, gluten, sugar, processed wheat or other such products. Customers have also shown increasing preference for organic products, vegan and animal free protein products, environmentally-friendly product packaging and purchases from local business. Further, our customers increasingly expect a seamless multi-channel experience and when making a decision to purchase products from us, want to be able to have access to greater amounts of information than ever before, including on traceability, environmental sustainability and nutritional value. Customers also expect to be able to interact in a variety of ways, such as through mobile app purchases.

Responding to shifts in consumer preferences can entail significant costs. Moreover, although we have established internal marketing and innovation departments dedicated to monitoring and researching consumer preferences, we may not be successful in accurately predicting shifts in customer preferences or demand for certain products that we offer. Furthermore, although we offer a range of different products across our various banners, failure to accurately identify or quickly and effectively respond to changing customer preferences, demand or prevailing health or dietary preferences could negatively affect our relationship with our customers, the demand for our products and our market share as customers may avoid our product offerings in favor of alternative options. Further, if we misjudge demand for certain products, particularly for our non-food products, we may build up excess inventory for those products, which could result in a decrease in their sales prices and inefficient working capital management which, if material, could have an adverse effect on our business, financial condition and results of operations.

Our international operations are exposed to political and other business risks.

Our international operations expose us to risks and uncertainties arising from trading in countries that may experience or have recently experienced periods of economic or political instability, especially in Latin America. In the twelve months ended June 30, 2020, GPA's and Grupo Éxito's Latin American business accounted for 47% of our consolidated net sales.

The economies of our international markets may be more susceptible to government intervention. For example, the Brazilian economy has been characterized by frequent, and occasionally material, intervention by the Brazilian federal government, which has often modified monetary, credit and other policies intended to influence its economy. More generally, Latin American countries have also historically carried out nationalizations of businesses they deem to be of economic importance, through expropriation, confiscation, requisition or other similar actions. Any such intervention in any of the Latin American countries in which GPA and Grupo Éxito operate may have a direct impact on their operations and/or more generally result in economic uncertainty and heightened volatility. Moreover, certain regulations or governmental actions may create inflationary pressures on the economy, which may lead to tight monetary policies and diminished consumer purchasing power that could materially and adversely affect our operations. For example, Argentina, in which Grupo Éxito conducts a part of its operations, has recently experienced very high inflation rates. We have applied IAS 29, the IFRS standard applicable to hyperinflationary economies, to address this in preparing our consolidated financial statements. See "*Presentation of Financial and Other Information—IAS 29-Financial Reporting in Hyper-Inflationary Economies*". Furthermore, periods of political uncertainty, such as during presidential elections, may further reduce purchases and consumption. Recent impacts of COVID-19 on the economy of the Latin American countries in which we operate have further heightened certain of the inherent risks in operating in these countries.

GPA and Grupo Éxito's Latin American operations involve a number of business risks in the ordinary course of business, such as:

- they may experience disputes with lessors of our real property lease holdings as a result of difficulties in establishing title over land;
- a substantial portion of the population has reduced purchasing power because it does not use banks or banking institutions in any capacity or has limited access to credit and therefore relies on cash payments, which in turn may delay our growth in the region; and
- e-commerce transactions may be impeded by a lack of secure payment methods.

The occurrence of these risks may have an adverse effect on our results of operations and financial condition.

Despite the fact that most of our food products are locally sourced, we face a variety of risks generally associated with doing business in foreign markets, including:

- imposition of taxes;
- currency and exchange rate risks and exchange controls;
- risks related to labor practices and disputes;
- risks related to increased security requirements applicable to foreign goods, including product safety or manufacturing safety standards, environmental matters or natural disasters; and
- as part of our international strategy, we enter into partnerships in markets in which we are not present, either through licensing our banners to affiliates in international markets or through private-label supply agreements. Any actions of these affiliates or parties to the product supply agreements could harm our brands or reputation.

The occurrence of such risks and other risks inherent in operating in and sourcing from emerging foreign markets could have a material adverse effect on our business, results of operations and our financial position.

The occurrence of unforeseen catastrophic events, such as terrorist attacks, government-imposed lockdowns, civil unrest, disruptive geopolitical events or natural disasters, could adversely affect retail sales.

Unforeseen catastrophic events such as terrorist attacks, government-imposed lockdowns, war activities, floods, fires, earthquakes, sustained episodes of inclement weather, pandemics or epidemics have a negative effect on retailers, particularly for retailers who sell discretionary goods. Other developments, such as local strikes, demonstrations, boycotts, social and economic instability, civil disturbances or similar events, could also have an adverse effect on our retailers' operations. The occurrence of any of these events may impact customer morale or have a detrimental impact on tourism, which may in turn adversely affect the sales of our retail stores, many of which are concentrated in tourist destinations. The occurrence of any such event may also generally discourage sales of food and other key consumer staples at our retail locations or through our e-commerce channels and have an adverse effect on our operations.

For example, in 2018 and 2019, our retail operations and sales were adversely affected by the Gilets Jaunes (Yellow Vests) protestor movement in France. The sustained civilian protests reduced footfall to a number of our retail locations in France that were near areas of protest. In addition, certain of our larger supermarkets and supply warehouses were disrupted during normal hours of operation due to the high concentration of protesters nearby, which restricted access to our properties. This event also negatively affected our working capital, with a significant inventory build-up and resulting cash requirement. Although we were able to ultimately adjust our supply chain, in the future, such events could prevent us and our franchisees from operating our retail locations at peak capacity or cause disruptions to our suppliers. Any continued or resurgent social and political uncertainty may expose us to greater risks of interruption of our operations. Our security costs may rise and footfall in our stores may suffer as a result of any adjacent incidents of social unrest or violence. In addition, our online operations may suffer if the third-party distributors and shippers on which we rely are impeded by protests. We cannot accurately predict the extent to which such events may affect us, directly or indirectly, in the future. For a discussion of political risks affecting our international operations in developing countries, see "*—Our international operations are exposed to political and other business risks*". More recently, nationwide lockdowns related to the rise of COVID-19 cases led to the partial shutdown of certain of our retail spaces and warehouses, increased staff absences and challenges in procuring an uninterrupted flow of essential supplies. Further, recent social and political events have led to boycotts of certain grocery retailers and of French companies. While our Group and its operations have not been directly involved in the activities that have led to such boycotts, any future boycotts that involve our stores or online shops could have an adverse effect on our operations.

While we have implemented procedures across all of our businesses to rapidly and efficiently deploy contingency plans in the event of business disruptions, prolonged disruptions of our operations due to natural disasters, civil unrest, terrorist attacks, partial or full store closures due to government-imposed lockdowns or other catastrophic events may adversely affect our results of operations and financial condition. Although we have insurance policies in place, we cannot assure you that we will continue to be able to obtain adequate insurance coverage with respect to natural disasters, civil unrest, terrorist attacks or other catastrophic events and any losses that could result from such events in the future.

Our business and the markets in which we operate may be adversely impacted by climate change, climate change regulations and adverse weather conditions.

Climate change, including the impact of global warming, subjects our businesses to a broad range of risks at several different levels. Our operations are subject to physical risks across all countries of operation, which include an increase in sea level and changes in weather conditions, such as rapid changes in precipitation and extreme weather events. For example, France has recently experienced extreme weather events, such as the increased rainfall that resulted in the Seine River reaching 100-year high levels. Brazil has also recently experienced a mix of drought and torrential rains, while Colombia has seen floods, storms and landslides. Natural disasters, fire, bioterrorism, pandemics, drought, changes in rainfall patterns or extreme weather, including floods, excessive cold or heat, hurricanes or other storms, could interfere with the continuity of our operations due to potential impairments in the food supply chain, power outages, fuel shortages, damage to our production and processing plants, disruption of transportation channels, inflated insurance premiums or increases in the price of raw materials, among other things. Any of these factors could have a material adverse effect on our financial results, either individually or in the aggregate.

In addition, we are subject to legislation and regulation regarding climate change, including with respect to our supply chain, and compliance with related rules could be difficult and costly. We could incur increased energy, environmental and other costs and capital expenditures to comply with existing or new greenhouse gas emissions guidelines, laws and regulations. Failure to comply with any such guidelines, laws and regulations could result in adverse consequences to our reputation and image among our customers and stakeholders. The realization of any of the foregoing risks could have a material adverse effect on our results of operations and financial condition.

A deterioration in our relationships with our employees, trade unions or employee representatives or a failure to extend, renew or renegotiate collective bargaining agreements on favorable terms could lead to labor disputes that might interfere with our operations or otherwise have an adverse impact on our business.

Our business is labor intensive and maintaining good relationships with our employees, unions and other employee representatives is crucial to our operations. The occurrence of strikes, work stoppages or other labor disputes could materially disrupt our operations or result in a loss of reputation or increased wages and benefits. As a result, any deterioration of our relationships with our employees, unions and other employee representatives could have a material adverse effect on our business, results of operations and financial condition.

Most of our employees in France are covered by national and company-wide collective bargaining agreements which contain provisions that could affect our ability to restructure our operations and facilities or terminate employee contracts. In addition, all of GPA's employees and a portion of Grupo Éxito's employees are also covered by collective bargaining agreements. We may not be able to extend existing agreements, renew them on their current terms or, upon the expiration of such agreements, negotiate such agreements in a favorable and timely manner or without work stoppages, strikes or similar industrial actions, any of which may have an adverse effect on our business. In general, French labor law restricts companies' ability to restructure their operations, irrespective of whether their employees are unionized.

As is the case with most companies of our size, we have ongoing disputes with certain of our former employees and may face related litigation in the future. We may also be affected by strikes or more significant disputes which could adversely affect our business, results of operations and financial condition.

We face a risk of misappropriation of customer and employee data from our information systems.

In the ordinary course of our business, we receive and maintain certain personal financial and other information about our customers and employees. We also rely on third-party service providers to process customer payments made using bank cards and credit cards. Our online operations depend heavily upon the secure transmission of confidential information over public networks, including the use of cashless payments. The use and handling of this personal information is regulated by evolving and increasingly demanding laws and regulations at the sub-national, national and international levels, as well as by certain third party contracts. If we or any of our third-party service providers fail to transmit customer information in a secure manner, if our security and information systems are compromised as a result of data corruption or loss, a cyberattack or a network security incident, or if our employees, franchisees or vendors fail to comply with data protection laws and regulations (and as a result, information about our customers and employees is obtained by unauthorized persons or used inappropriately), we could be subject to liabilities and penalties, damage to our reputation, litigation or government enforcement actions, substantial costs and a loss of consumer confidence, all of which may significantly adversely affect our business, results of operations and financial condition.

In spite of our continued efforts to comply with the General Data Protection Regulation 2016/679 (the "**GDPR**") and similar regulations, we also face the risk that customer data that we collect, including in connection with our relevanC data analytics and digital advertising businesses, our ScaleMax data center business in France and our Floa Bank consumer finance joint venture in France, as well as for marketing purposes for any of our other businesses, may be stolen or misappropriated. Our customers may be discouraged from providing us with their data and our business model could be negatively affected as a result. Under such circumstances, our reputation, business, results of operations and financial condition could be materially adversely affected. See "*Regulation*" for more details on the GDPR.

We are exposed to the risk of theft or misappropriation of funds and products in our stores and warehouses.

In the ordinary course of our business, we are exposed to the risks of fraud, corruption and theft of products in our stores and warehouses. For example, from time to time, products may be misappropriated during transportation or we may experience a misappropriation of funds in our stores or at other levels of our business. In addition, the increasing use of automated checkout in our stores increases the risk of stolen products. We cannot assure that incidences of inventory loss and theft will not increase in the future or that the measures we are taking against such theft will effectively decrease inventory shrinkage. In addition to increasing security costs to combat inventory theft, the occurrence of such risks may have a material adverse impact on our results of operations and reputation.

Any events that negatively impact the reputation of, or value associated with, our brands could adversely affect our business.

The brands associated with our banners are important assets of our business. Maintaining the reputation of and value associated with our various brands is central to the success of our business. This can be an especially difficult task for retailers, particularly in light of the development of social media in recent years, which has led to a sharp increase in image and reputational risks. We could be adversely affected if customers lose confidence in the safety and quality of the products we sell or provide in our retail business, if any negatively publicized events were to occur in one of our retail locations or if we are subject to malicious attacks designed to harm the image of any of our brands.

We sell a range of private label items, which we believe are particularly important as a means of competitor differentiation and also generally offer more attractive margins. These private label items are manufactured and/or packaged by third parties, and while our policies set out quality and ethical standards and we perform occasional audits of certain of our private label manufacturers, we do not control these third parties or their quality control, labor or other business practices. Maintaining broad market acceptance of our private label items depends on many factors, including pricing, costs, quality and customer perception, and we may not achieve or maintain expected sales for our private label items.

In light of the stringent employment, health and safety and environmental regulations to which we are subject and the scrutiny we face from regulators, a violation, or allegations of a violation of such laws or regulations, or a failure to achieve particular standards by any of our suppliers or manufacturers, could lead to unfavorable publicity and a decline in public demand for our products, or require us to incur expenditure or make changes to our supply chain and other business arrangements to ensure compliance. Any such events concerning us or any of the manufacturers or suppliers that supply products to us could create substantial erosion in the reputation of, or value associated with our brands and could result in a material adverse effect on our business or results of operations.

Our intellectual property rights may be infringed or challenged. Intellectual property claims by third parties or our failure or inability to protect our intellectual property rights could diminish the value of our brand and weaken our competitive position.

We own or use intellectual property rights, including trademarks, logos and domain names. We cannot be certain that third parties will not infringe, misappropriate or terminate these rights. We own nearly all the intellectual property rights over the trademarks, trade signs and copyrights that we use. We also own some of the intellectual property rights over the software and technologies that we use, mainly at the Cdiscount level. However, such use may be challenged by third parties. If we are unable to protect and maintain our own intellectual property rights or our use of the intellectual property rights owned by others, the value of our brands could be diminished and our competitive position could weaken. In addition, if we are unable to renew our intellectual property rights when they expire, the value of our brands could also be diminished and our competitive position could weaken.

In addition, our products, services, websites or other acts conducted in the ordinary course of our business may violate, or be perceived to violate, intellectual property rights of third parties (in particular, copyrights, trademarks, design rights, patents and software) and we may be subject to infringement claims. We may also be involved in claims raised by third parties against our licensors, suppliers, licensees or franchisees. For example, we may be involved in claims regarding products or services supplied by our suppliers or franchisees that are perceived as infringing intellectual property rights of third parties.

Third parties may assert intellectual property claims against us as we expand our business to include new services and continue to develop our e-commerce channel. We may also face claims from our suppliers or licensors if they consider that their intellectual property rights are being misused, especially where those suppliers or licensors have a strong brand image and reputation. Our defense of any claim, regardless of its merit, could be expensive and time consuming, and could divert management resources. Successful infringement claims against us could result in significant monetary liability and prevent us from selling some of our products and/or services. In addition, the resolution of claims may require us to abandon the sale or provision of the litigious product or service, redesign our own private-label products or acquire license rights from third parties, which could have a significant impact on our business, results of operations and financial condition.

Adverse developments with respect to the safety and quality of our products and/or health concerns in the food industry in general may damage our reputation, increase our costs of operations or decrease demand for our products.

Product safety and the public's perception that our products are safe and healthy are essential to our image and business. Although we dedicate substantial resources, we may not be able to ensure that our customers enjoy safe, quality products or guarantee product traceability. Our sale of food products for human consumption exposes us to safety risks such as food-borne illnesses, product contamination, spoilage, inaccurate labeling, misbranding or product tampering. Product contamination (including the presence of a foreign object, substance, chemical or other agent or residue or, in certain jurisdictions, the introduction of a genetically modified organism), spoilage, misbranding or product tampering could require product withdrawals or recalls or destruction of inventory and could result in negative publicity, temporary warehouse closures and substantial costs of compliance or remediation. Our reliance on third-party suppliers increases the risk that these incidents could be caused by factors outside of our control and that multiple locations would be affected. These risks may also occur under any one of our private labels under our different banners. We may be impacted by negative publicity regarding any assertion that our products caused illness or injury. We could also be subject to claims or lawsuits relating to an actual or alleged illness or death stemming from product contamination or any other incidents that compromise the safety and quality of our products.

We rely upon electrical power to operate our logistics distribution centers, distribution fleets and storage facilities. To attain maximum performance, these types of facilities must often operate on a continuous basis and at the appropriate pre-set temperatures. As a result, any shortage or interruption in power supply may have a material adverse effect on our operations. However, any extended power supply shortages or interruptions could result in perishable food losses which may have a material adverse effect on our business, financial condition and results of operations.

Cold chain requirements, setting out the temperatures at which our ingredients and products are stored and transported, are established both by statute and by us to help guarantee the safety of our food products. Our cold chain is maintained from the moment the ingredients arrive at, or are frozen by, our suppliers, through our products' transportation phase and ultimately to the time of sales in our stores or through online sales or home deliveries. A failure in the cold chain could lead to food contamination, risks to the health of our customers, fines and damage to our brands and reputation, each of which could subsequently affect our business, financial condition and results of operations.

We also face additional risks from product defects in relation to the sale of non-food products, including, for example, the risks of battery explosions or choking hazards in children's toys. If products we purchase from our suppliers are damaged or defective, we may not be able to return products to these suppliers and obtain refunds on our purchase price or obtain indemnification from them. The limited capacities of some of our suppliers may result in their inability to replace defective merchandise in a timely manner. The reputation of our brands could be damaged by the marketing of our products, especially in case of serious defects, such as dangerous products or products containing harmful substances, causing physical harm or other health problems. In addition, there is a risk that compliance lapses by our suppliers could occur, which could lead to investigation by agencies responsible for consumer product safety. In all such cases, especially if there is a prolonged impact on product quality, our business, financial condition results of operations may be materially adversely affected.

A significant lawsuit or widespread product recall or other events leading to the loss of consumer confidence in the safety and quality of our products could damage our brand, reputation and image and negatively impact our sales, profitability and prospects for growth. Further, if a product recall is required in circumstances where the financial consequences are not satisfied by one of our suppliers or covered by our product liability insurance, it may have an adverse effect on our financial performance. Although we maintain product liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. Even if future product liability claims against us are not successful, these claims could be costly and time-consuming and may divert our management's time and resources from operating our business.

Even if our own products are not affected by contamination or other incidents that compromise their safety and quality, we are subject to risks affecting the food industry generally, including risks posed by widespread contamination and evolving nutritional and health-related concerns. Risks related to an outbreak of a disease, such as COVID-19, in one of our stores, warehouses or distribution centers, or at one of our suppliers' facilities, or at those of our competitors, may call into question the safety of our retail stores or product offerings. Regulatory authorities may limit the supply of certain types of food products in response to public health concerns, and consumers may perceive certain products to be unsafe or unhealthy, which could require us or our suppliers to find alternative supplies or ingredients that may not be available at commercially reasonable prices or within acceptable time constraints. In addition, such governmental regulations may require us to identify replacement products for our customers or, alternatively, to discontinue certain offerings or limit the range of product offerings. We may be unable to find substitutes that are as appealing to our customers, or such substitutes may not be widely available or may be available only at increased costs. Such substitutions or limitations could also reduce demand for our products.

Disruptions in the IT infrastructure that we use could materially adversely affect our business, results of operations and financial condition.

We run, directly or indirectly, an extensive array of information systems (including servers, networks, applications, websites and databases) that are essential to the operation and management of our activities. The development, implementation and continuous and uninterrupted performance of our hardware, network, applications, website and other systems, including those which may be provided by third parties, are important factors in our delivery of products and services to our customers under all our banners, and are especially critical for Cdiscount's operations, as well as our digital advertising and data center businesses, relevanC and ScaleMax. Our information systems are also important for our retail stores and warehouses due to our reliance on information systems for payment and supply chain and warehouse management. We are dependent on our technical infrastructure and computer applications for all aspects of the day-to-day management of our business, including purchasing, sourcing, distribution, online sales, customer delivery, loyalty program management, data exploitation, invoicing, cash collection, reporting and consolidation, as well as electronic data exchange and access to internal information.

The performance of the IT systems that we use depends, among other things, on our ability to effectively safeguard such IT systems and related equipment against damage or compromise from interruptions to telecommunication services, data breaches, hacking and phishing attempts and the introduction of malware and computer viruses. Disruptions to operations or interruptions in operations involving such systems may occur in the future and minor interruptions have occurred in individual cases in the past. We cannot assure protection against unauthorized attempts to access the IT systems that we use, including malicious third-party applications that may interfere with or exploit security flaws in our products and services.

Any failure of such IT systems due to a technical issue or a cyberattack could have a material adverse effect on our business operations and assets. For example, any such failure could limit our ability to complete sales. Many of our retail stores use electronic screens to display product prices, which consumers rely upon to make purchasing decisions. Moreover, a failure that causes our websites to become unavailable, especially Cdiscount's website, which is highly dependent on reliable and secure computer systems, could materially adversely affect online product viewing opportunities and sales. Although we maintain cybersecurity insurance, we cannot be certain that our insurance will continue to be available to us on economically reasonable terms, or at all. If any compromise in our security measures were to occur and our efforts to combat such a breach were unsuccessful, our operations would be interrupted and our reputation could be harmed, leading to a material adverse effect on our business, financial condition and results of operations.

Increases in labor costs and social charges and changes to wage regulations could adversely affect our business, results of operations and financial condition.

Our businesses are labor-intensive. We directly employed 219,132 people as of December 31, 2019, of which 63,548 people were employed in France, 109,566 people were employed in Brazil and 35,061 people were employed in Colombia. Consequently, our success depends in part on our ability to manage our labor costs and its impact on our margins. We may in the future be forced to raise our wages due to new labor laws or regulations, pressure exerted by trade unions or general wage increases across the industry or in any particular region in which we operate. Furthermore, we are required to pay social security and other similar charges for our employees. These may increase over time or the laws and regulations setting forth any exonerations or other exemptions from payment of such charges from which we currently benefit may change, increasing our liabilities. For instance, the tax-exempt competitiveness and employment tax credit ("**CICE**") to which French companies were entitled until 2018 has been replaced since 2019 with a reduction in an employer's payroll-based contribution, which increased our tax base. Any of the foregoing may affect our profitability and may have an adverse effect on our business, financial condition and results of operations. If we are not able to pass on such higher costs to our customers, these higher labor costs could adversely affect our profitability.

We are vulnerable to fluctuations in the availability and price of food ingredients and packaging material, as well as to fluctuations in the price of electricity and fuel.

Increases in prices or scarcity of ingredients or packaging materials required for our products could increase our costs and disrupt our operations. In addition, our ability to pass along increased costs through price increases to our customers depends upon competitive conditions in our industry and pricing regulations. If we are unable to pass such cost increases on to our customers or the higher cost of the products offered results in decreased demand for our products, our profitability, business, results of operations and financial condition may be adversely affected. For example, certain of GPA's and Grupo Éxito's Latin American operations have been subject to government-mandated price controls on certain staple commodities which limit the prices they may set for these offerings. As a result, the rise of certain raw material and energy costs in these markets could have an immediate and direct material adverse effect on our business and results of operations.

In addition, significant amounts of electricity and fuel are needed to regulate the temperature of and operate our stores, warehouses, data centers and maintain our cold chain requirements for appropriate storage of materials and products before they are sold in stores or delivered, and we cannot guarantee that our energy costs will not increase in the future. Such cost increases may be significant and could have a material adverse effect on our business, results of operations, financial condition and prospects.

The interests of our controlling shareholder may conflict with your interests, particularly in light of its recent financial restructuring.

A majority of the Issuer's voting stock is held by Rallye S.A. ("**Rallye**"), which is itself controlled by Euris S.A.S. ("**Euris**") through two intermediate holding companies (Finatis S.A. ("**Finatis**") and Foncière Euris S.A. ("**Foncière Euris**")). Euris is in turn controlled by Jean-Charles Naouri, the Chairman and Chief Executive Officer of the Issuer. In addition to Mr. Naouri, a representative of each of Euris, Finatis, Foncière Euris and Matignon Diderot S.A.S. ("**Matignon Diderot**") (another affiliate of Rallye) holds a seat on the board of directors of the Issuer. As of the date hereof, the board of directors of the Issuer seats thirteen voting and two non-voting members in total. As a result of this ownership structure and the Issuer's board composition, Rallye, its holding companies (especially Euris) and ultimately Mr. Naouri have considerable influence over our policies, day-to-day operations and strategic decisions. Rallye's principal asset is the shares of the Issuer that it holds, nearly all of which have been pledged to secure outstanding debt of Rallye and its subsidiaries.

During the second quarter of 2019, each of Rallye, its subsidiaries Cobivia S.A.S. ("**Cobivia**"), L'Habitation Moderne de Boulogne S.A.S. ("**HMB**") and Alpétrol S.A.S. ("**Alpétrol**"), and Foncière Euris, Finatis and Euris entered into safeguard proceedings through a ruling by the Commercial Court of Paris. Safeguard proceedings aim at protecting companies facing difficulties which they cannot overcome, while not being cash-flow insolvent by giving them sufficient time to organize the restructuring of their debt and ensure their sustainability. For a discussion of the rules governing safeguard proceedings in France, see "*Certain Insolvency Law Considerations*". Each of these safeguard proceedings was initiated after the court acknowledged the financial difficulties experienced by these companies. On September 25, 2019, Rallye, Foncière Euris, Finatis and Euris met with their banking partners to propose a draft safeguard plan, prepared with the assistance of judicial administrators, which was approved by the Commercial Court of Paris on February 28, 2020. Several creditors of Rallye filed a third-party opposal before the Paris commercial court in order to amend the safeguard plan. This proceeding is still ongoing.

Each safeguard proceeding, and the approved safeguard plan, only concerns the entity for which it was initiated and as a result, none of them applies to the Issuer or any other entity in our Group. We have therefore continued to operate in the ordinary course of business while the safeguard proceedings were ongoing and since the safeguard plan was approved. The safeguard proceedings had only two direct impacts at the Issuer level: (i) the downgrading of the Issuer's credit ratings and (ii) a temporary reduction in borrowings under the Issuer's commercial paper program. Nevertheless, the public's perception of the safeguard proceedings and future implementation of the safeguard plan could cause negative movements in our stock price and the trading price of the Notes and creditors to become reluctant to lend to us on favorable terms or at all. See "*—Risks Related to Our Indebtedness, and the Notes—There may not be an active trading market for the Notes, in which case your ability to sell your Notes may be limited*".

Additionally, and in particular in light of its recent financial difficulties and in the context of implementing the safeguard plan, which will depend in part, on our ability to upstream cash, our controlling shareholder could vote to cause us to take actions that may conflict with your interests as holders of the Notes. For example, our controlling shareholder could vote to cause us to incur additional indebtedness, to sell certain material assets, which might increase our debt service obligations or reduce our ability to generate net sales, to distribute funds at the expense of our financial condition or to pursue transactions that, in its judgment, could enhance its equity investment, even though such transactions might involve risks to holders of the Notes. Noteholders could be disadvantaged by any of these actions.

We may not be able to implement our business strategy.

Our future performance is dependent on our ability to identify, develop and execute our business strategy. Our current strategy aims to maintain and reinforce our competitive position in our historical businesses' key markets and formats, aim for leadership in and further development of our newer business activities and dispose of or reduce our stake in certain non-strategic assets and businesses. Failure to properly deploy and utilize capital and other resources in furtherance of our identified strategy may negatively affect our planned initiatives. Moreover, our newer business activities in the France Retail segment, GreenYellow, relevanC and ScaleMax, are still in their development phase and consequently incurring associated development expenditures, which may not yield the results that we anticipate achieving within a certain time, or at all. Any misjudgments or flaws in our execution could have a material adverse effect on our business, financial condition and results of operations.

Offering a seamless customer experience by integrating innovative digital solutions and strengthening our e-commerce channel through various means, including strategic partnerships and acquisitions of new technologies, lies at the heart of our strategy for our business operations, especially in France. For example, in 2018, Monoprix partnered with Amazon to offer grocery items to Amazon Prime Now customers in Paris and in 2019, we expanded this partnership to include the sale of our private-label and Naturalia products on Amazon Prime Now, the expansion of delivery zones throughout France and the installation of Amazon Lockers in over 1,000 of our Group retail locations in France. Our ability to adapt to e-commerce developments and, in particular, to develop web-generated sales depends on a number of factors, including the ability to successfully market our websites, the ability to identify additional key partnerships for the expansion of our online channels, the capability of our existing distribution network to accommodate our growing online operations at a pace sufficient to keep up with customer demand and the ability to integrate our growing online operations. Historically, our e-commerce operations have been less profitable than our brick-and-mortar businesses and, as a result, the expected increased weight of e-commerce operations could negatively impact our future profitability. Moreover, we are focused on improving the customer experience by adapting to consumer preferences for an increasingly multi-channel shopping experience, such as through in-app special discounts and purchases and autonomous store locations. Our strategy relies on identifying and acquiring or partnering with startup businesses which offer technology solutions that allow us to integrate innovative digital shopping processes into our operations.

The Group is also pursuing certain cost-saving measures to maintain, and reduce, its cost base through optimizing head office expenses at the corporate level and at the level of each of our banners and reducing store costs, continuing to negotiate better purchasing conditions for goods, realizing logistics synergies through unifying the logistics serving our Casino and Franprix banners and closing or disposing of loss-making stores through our Asset Disposal Plan. See *"—Business—Our Strategies—Continued focus on profitability improvement and proactive deleveraging in France*" and *"—We may from time to time pursue acquisitions or disposals, both of which involve numerous risks, including relating to the integration of the acquired business, that could have an adverse impact on our business. Our business could also be negatively impacted by merger control rules and antitrust limitations imposed by supranational and national laws and regulations*". There can be no assurance that these initiatives will be completed on the expected timeframe or at all. Further, there may be costs associated with these measures, such as potential early lease termination liabilities associated with strategic store closings. Moreover, all or any of these initiatives may fail to improve performance (or advance performance at a slower pace than planned) and, consequently, materially and adversely affect the Group's business, operating results, financial condition or prospects.

In addition, we regularly evaluate the potential disposition of assets and businesses that may no longer help meet our objectives. For example, we are currently seeking to dispose of certain assets in France. We initially announced plans in 2018 to dispose of €1.5 billion in assets by the first quarter of 2020, which we later increased to €2.5 billion, and have since identified new asset disposals, amounting to an additional €2 billion, bringing our cumulative target amount under the Asset Disposal Plan to €4.5 billion, in furtherance of which €2.8 billion in disposals have been completed. In executing our asset disposal plans, we may encounter difficulties in finding buyers or alternative exit strategies on acceptable terms or in a timely manner, which could delay the achievement of our strategic objectives. Alternatively, we may face other potential delays in the execution or timing of our disposal plans, such as, for example, delayed disposals due to the effects of the COVID-19 pandemic. We may also dispose of a business at a price, or on terms, less desirable than we had anticipated. In addition, we may experience greater dis-synergies than expected, and the impact of the divestiture on our revenue growth may be larger than projected and may have an adverse impact on our purchasing power with suppliers. After reaching an agreement with a buyer or seller for the disposition of a business or assets, we will be subject to satisfaction of pre-closing conditions as well as to necessary regulatory and government approvals on acceptable terms, that, if not satisfied or obtained, may prevent us from completing the transaction on the terms initially anticipated, or at all. Dispositions may also involve continued financial involvement in the divested business, such as through continuing equity ownership, guarantees, indemnities or other financial and commercial obligations.

Given the various risks to which we are exposed and the uncertainties inherent in our business, we cannot guarantee the successful execution of our business strategy. Additionally, the implementation of our strategy may put operational strain on our business and consume management time and focus to the detriment of our existing business operations. If we do not meet our strategic objectives or achieve the results initially expected, we may be unable to recover our investment, which may otherwise have a material adverse effect on our business, financial condition and results of operations.

Our success is partially dependent on new technologies being developed, especially for our Cdiscount and GreenYellow, as well as relevanC and ScaleMax, operations. If we do not anticipate or respond quickly enough to changing technology or consumer preferences, or do not manage our inventory levels effectively or accurately forecast our product returns, our operating results could materially suffer.

Rapid and significant technological changes confront the environment in which we operate, particularly for Cdiscount, which is a pure-internet banner, GreenYellow, which is a solar power generation and energy efficiency company, and our data and data center operations, relevanC and ScaleMax. We cannot predict the effect of technological changes on our operations. In addition to our internal technology development initiatives and innovations, we rely in part on third parties for the development of and access to new technologies. We expect that new services and technologies applicable to our online operations, including the industries in which Cdiscount operates, and to our solar power and energy efficiency operations, will continue to emerge. These new services and technologies may be superior to, or render obsolete, the technologies that we currently use. Incorporating new technologies into our products and services may require substantial expenditures and take considerable time, and ultimately may not be successful. Our inability to quickly adapt to changing technologies and to continue to improve the user experience or our energy services offerings, may result in harm to our brands and reputation, a loss of customer loyalty, a decline in customer visits to our websites and stores, a reduction in the number of our GreenYellow customers and a decrease in the use of available data on consumer behavior for use by relevanC and ScaleMax, all of which could have an adverse impact on our business, financial position or performance. In addition, our ability to adopt new services and develop new technologies may be inhibited by industry-wide standards, new laws and regulations, or third parties' intellectual property rights. Our success will depend on our ability to develop new technologies and adapt to new technological changes and evolving industry standards.

We are dependent on third-party suppliers to produce our products, which subjects us to certain social and environmental risks, among others. Our agreements with these suppliers may be subject to adjustments that could increase our expenses and have a negative impact on our profitability and results of operations.

We have business relations with more than 66,000 suppliers, including in relation to our private label products. We are generally dependent on third-party suppliers for our products, which exposes us to risks that such suppliers may fail to meet timelines, provide us with sufficient product or comply with our specifications, including with respect to social or environmental matters. These risks are heightened in the context of suppliers who supply and/or manufacture our private label products. If a delay or interruption of delivery were to occur either temporarily or permanently for any reason, we may not be able to meet consumer demand, which may result in fewer sales. Further, as we require our suppliers to meet certain specifications and standards to ensure the high quality of our products, the use of third-party suppliers increases the demands on our quality control personnel. If the products provided by our suppliers do not meet the relevant quality standards, our reputation may be adversely affected. In addition, we depend on certain of our suppliers for certain of our successful popular brand products which contribute to store traffic and sales. Any disruption of delivery of these key high-volume products may have an adverse effect on our sales.

We are subject to certain risks with respect to our suppliers' potential non-compliance with social and environmental laws and regulations, including the risk of liability and penalties if we fail to comply with Law No. 2017-399, enacted in France in March 27, 2017, which requires a certain duty of care to ensure that human and environmental rights across the entire production chain are not infringed, and with commitments undertaken in the context of the United Nations Global Compact. Our relationship with suppliers based in foreign markets in particular presents risks in terms of non-compliance with labor laws on manufacturing and the values listed in the Universal Declaration of Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work, particularly in the context of textile and electronics manufacturing. In addition to non-compliance with labor laws, we face a variety of risks generally associated with sourcing products from suppliers in foreign markets, including, among others, political instability; increased security requirements applicable to foreign goods; the imposition of taxes, duties, other charges and restrictions on imports; currency and exchange rate risks; risks related to environmental matters, including related to pollution, greenhouse gas emissions, deforestation or waste management, or other issues in the foreign countries or factories in which our products are manufactured; delays in shipping; and increased costs of transportation. Any of these risks, in isolation or in combination, could adversely affect our reputation, financial condition and results of operations.

There can be no guarantee that we will maintain relationships with our suppliers, and at any point may be required to contract with other suppliers on less favorable terms and/or at a greater cost. For instance, there is a risk that smaller suppliers will consolidate, giving us fewer choices and resulting in increasing prices. Any deterioration in our relationships with our suppliers, the imposition of stricter conditions by suppliers (especially with respect to stringent payment terms) or the non-renewal of our main supply agreements may have a material adverse effect on our business, financial condition and results of operations. Failure of our suppliers to comply with our social and environmental guidelines may result in harm to our reputation and brand, which may have a negative impact on our business, sustainability rating and financial position. If we experience a need to replace an existing supplier, including due to their non-compliance with our social and environmental guidelines, there can be no assurance that additional manufacturing capacity will be available when required on terms acceptable to us. In addition, even if we were able to find new suppliers on acceptable terms, we may encounter delays in production and added costs as a result of the time it would take to train such suppliers in our methods, products, quality control standards, labor, health and safety standards.

The efficiency of our supply chain is critical to our business and operations.

Our businesses operate with tailored logistics structures at national levels to supply and deliver customer orders. In each of our countries of operation, we manage the distribution of supplies to our various banners through a logistics network. We are dependent on third-party storage and service providers for the transportation of our products to outlets and for the delivery of our products ordered online to pick-up points or to customers. Any increases in the cost of transportation, including as a result of increased gas prices or environmental regulations or initiatives that mandate ecological, more costly methods of transport, could significantly increase the prices of such services. The efficiency and functioning of our supply chain without disruptions or delays is essential, especially for our fresh food products. Changes in our logistics structures, including as a result of labor disruptions, delivery fleet issues, lockdowns, strikes, natural events, technical disruptions or occurrences of accidents, could lead to a temporary or extended disruption of our operations, disrupt store-level product availability and in-stock management and have a negative impact on our image and financial results.

We also face a variety of risks generally associated with sourcing products from foreign markets, including:

- trade restrictions and the introduction of import quotas;
- the imposition of increased tariffs and customs regulations; and
- delays in shipping of products due to port strikes, infrastructure congestion, embargoes or other factors and increased costs of transportation as a result of increased tariffs or otherwise.

A significant portion of our current stores are operated by franchisees and this store ownership mix presents a number of disadvantages and risks.

Our banners in France and in international markets have affiliate and franchise networks, including the Casino and Monoprix supermarket networks, the Surtimax discount network, the Franprix, Sherpa, Le Petit Casino, Casino Shop, Vival and Spar convenience networks and the Géant, Géant Casino and Hyper Casino hypermarkets operated by affiliates. Out of our total store network, as of December 31, 2019, 6,876 stores were operated by franchisees, of which 5,380 stores were located in France (representing 48% of the total number of stores in our network and 68% of our French store network) and 1,496 stores are located in Colombia (representing 70%% of the stores in Grupo Éxito's network in Colombia, Uruguay and Argentina). Our franchisees are independent operators and, while we mandate certain operational standards and procedures through our franchise agreements, we may not be able to respond quickly enough to franchisees that do not uphold these standards.

Our franchised operations present a number of drawbacks, such as:

- the risk that a successful franchisee whose operations produce significant revenue or a significant number of existing or future franchisees terminate their relationship with us or are unable to renew their franchise agreements with us for a number of reasons, including low sales volumes, high rental costs, lack of profitability or a desire to retire. Our franchisees may not be able to or may decide not to renew their franchise agreements, or they may terminate their relationships with us. If a substantial number of franchises are not renewed, our business, results of operations and financial condition could be adversely affected. In addition, franchisees could rebrand stores under a banner owned by one of our competitors;
- our limited influence over franchisees and reliance on franchisees to implement major initiatives, limited ability to change store ownership, limitations on enforcement of franchise obligations due to bankruptcy or insolvency proceedings, inability or unwillingness of franchisees to participate in our strategic initiatives and limitations on support of our franchisees for marketing programs and any new capital intensive or strategic initiative which we may seek to undertake, and the successful execution thereof; and
- the fact that franchisees are independent operators and we cannot control many factors that impact the traffic in their stores, which directly affect sales generated in their stores.

The actions of our franchisees could harm our brands or reputation. Any damage to our reputation, brands' image or brands' name through either a single event or series of events involving our franchisees could have a material adverse effect on our ability to market our products and attract and retain customers, which may in turn affect our overall business, results of operations and prospects.

Certain of our subsidiaries and other consolidated entities are publicly listed companies and we fully consolidate them, despite the minority interests in these companies.

Certain of our subsidiaries and other consolidated entities are publicly listed companies, including GPA, which is listed in Brazil and Cnova, which is listed in France. As listed public companies, these subsidiaries and other consolidated entities are subject to rules and regulations that impose various requirements, including the requirements to publish regular audited financial reports, and increased legal and financial compliance costs and governance requirements, such as a minimum number of independent board members. As a result, and because there may be significant minority shareholders in some of these subsidiaries, we may have restrictions on our ability to access or use assets, and settle liabilities of the Group. We also hold stakes in other, non-publicly listed companies that have significant minority shareholders. We fully consolidate GPA, Cnova and the other entities in which we have a controlling stake but in which there are significant minority shareholders in our consolidated financial statements. However, because we do not fully own these subsidiaries, we may have restrictions on our ability to access to their cash flows. To the extent that such subsidiaries will be considered restricted subsidiaries under the terms of the Indenture, we will be able to on-lend money to any such non-wholly-owned subsidiaries in an unrestricted manner.

In addition, activities of our subsidiaries may expose us to risks related to our internal controls and reporting. For example, in 2016, Cnova identified material weaknesses in its internal controls in Brazil and restated its financial statements for the years ending on December 31, 2014 and December 31, 2013, following an internal investigation into accounting manipulation and internal misconduct to mislead Cnova's auditors. Furthermore, GPA and Grupo Éxito will not be subject to the restrictive covenants in the Indenture, including the provisions limiting the ability of these entities to incur indebtedness. As a result, they may be able to incur significant amounts of debt that are structurally senior to the Notes. See "*—Risks Related to Our Indebtedness and the Notes—We may incur additional indebtedness in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our business*".

In 2019, we simplified our Latin American holding structure, pursuant to which we hold a stake of approximately 41% in GPA. While we have continued fully consolidating GPA into our consolidated financial statements, neither GPA nor its subsidiaries will be considered our subsidiaries for purposes of the covenants in the Indenture. Consequently, the covenants will not restrict any actions at those entities.

We are engaged in joint venture and trading partnerships that we do not fully control. We cannot assure you that those partnerships will be successful and that actions taken by our partners will not have a material adverse impact on our business.

We carry on a number of joint ventures, such as consumer credit joint ventures Floa Bank (previously Banque Casino) in France, FIC in Brazil, Tuya in Colombia and Reservoir Sun, GreenYellow's solar energy joint venture with Engie, as well as trading partnerships, such as our delivery partnerships with Amazon and Ocado. We may enter into additional similarly structured joint ventures or trading partnerships in the future. Investments in projects over which we have only partial control are subject to the risk that the other parties thereto, who may have different business or investment strategies than us or with whom we may have a disagreement or dispute, may have the ability to materially adversely affect business, financial or management decisions, such as the decision to distribute dividends or appoint members of management, which may be crucial to the project's success or our investment in the project, or otherwise implement initiatives which may be contrary to our interests. There is also a risk that these partnerships will prove unsuccessful or do not develop as expected. Further, our joint venture partners may choose to terminate the joint venture and we are party to put and call options on the equity interests of certain of our joint ventures and other businesses in which there are minority interests, the exercise of which could require us to buy out our partners, in whole or in part, or otherwise result in significant cash leakage. Moreover, joint venture and other partners may be unable or unwilling to fulfill their obligations under the relevant agreements, refuse to further invest in the joint venture or partnership if needed or may experience financial or other difficulties that may adversely impact our investment in a particular joint venture or partnership, which could have a material adverse effect on our business, results of operations and financial condition. For example, we have entered into partnerships with Amazon and Ocado for the delivery of our products in France. We face the risk that either of these strategic partners may choose to terminate the partnership for reasons which may be out of our control, which could adversely impact our sales and operations.

We depend on the services of key executives, and our business and growth strategy could be materially harmed if we were to lose these executives and were unable to replace them with executives of equal experience and capabilities.

Our success depends, in part, upon the continued services of our executive management team, particularly that of the Chairman and Chief Executive Officer of the Issuer, Jean-Charles Naouri, and our highly qualified managers to operate our business and execute our strategies. Our executives' and managers' knowledge of the market, our businesses and our company represents a key strength of our business model, and our experience and human capital serve as a barrier to entry to potential competitors. The success of our business strategy and our future growth also depend on our ability to attract, train, retain and motivate skilled managerial, sales, administration, development and operating personnel. There can be no assurance that any of our key personnel will continue to be employed by us or that we will be able to attract and retain qualified personnel in the future. The loss of one or more of our key management or operating personnel, or the failure to attract and retain additional key personnel, could have a material adverse effect on our business, results of operations and financial condition. This could also result in additional duties for the remaining members of management, which could have a material adverse effect on our business, results of operations and financial condition.

If we are unable to renew or replace our store leases or enter into leases for new stores on commercially acceptable terms and we cannot find suitable locations for our stores or warehouses, our growth and profitability could be harmed.

Most of our stores and warehouses are leased pursuant to commercial leases for fixed terms consistent with market practices and legal constraints in our local markets. We expect that this proportion will continue to grow as we pursue our asset-light business strategy. Such leases usually provide for regular rent reviews, at which time our rental costs may increase pursuant to certain indices. Our ability to maintain our existing rental rates during renewals or to renew any expired lease on favorable terms will depend on many factors which are not within our control, such as applicable real estate laws and regulations, conditions in the local real estate market, competition for desirable properties and our relationships with current and perspective landlords. For example, given the main street location of many of our stores, we compete with a greater number of renters, resulting in increased rental charges for these properties. If rent reviews were to increase at higher rates than currently anticipated or if we were unable to renew any expired leases on commercially favorable terms, our financial performance could be adversely impacted. In addition, our increasing reliance on leases as a result of recent (and planned) sales of real estate and the increasing rental expenses may have a negative impact on our business and these expenses could increase disproportionately to our growth, if any.

Further, we may be unable to extend expiring lease agreements at all or may decide to close certain store locations that do not meet our financial targets or are no longer consistent with our brands' positioning. Our ability to enter into leases to open new retail locations depends on the availability of locations that meet our criteria for traffic, square footage, lease economics, demographics and other factors. In addition, the market for suitable retail locations is highly competitive. Some of our competitors may have the ability to negotiate more favorable commercial lease terms than we can.

Moreover, in France, stores and other commercial installations whose area is over a certain threshold may require prior regulatory authorizations from local authorities. If we are unable to secure or maintain such authorizations, we may not be to lease new retail locations or renew leases for existing locations on acceptable terms, if at all. If we are unable to renew our lease agreements as they expire or any of our existing lease agreements are terminated for any reason and we are unable to secure other favorable locations on acceptable terms, this could have a material adverse effect on our business, financial condition and results of operations.

We may incur liabilities that are not covered by insurance and could be exposed to significant financial risks if our insurance coverage proves to be inadequate.

We are exposed to risks that are inherent to our business operations and currently maintain insurance we believe is customary for businesses of our size and type. For a description of our insurance policies, see "—*Business—Insurance*". We cannot guarantee that the coverage limits under our insurance programs will be adequate to cover future claims or operating losses incurred as a result of accidents resulting from fires, explosions, water damage, theft, political unrest, natural events causing damage to our property (buildings, furniture, equipment, merchandise or computer systems) or following a business interruption at our premises, such as partial or full store closures in the event of government-mandated lockdowns, nor that we will be able to maintain our insurance programs on acceptable terms in the future.

We typically renew our insurance on an annual basis. In connection with this renewal process, our insurance costs may increase following the occurrence of several events resulting in substantial claims for damages, in response to any negative development in our claims history or due to material price increases in the insurance market in general. If we are not able to maintain our current insurance coverage or do so at a reasonable cost or if our insurance coverage proves to be inadequate or unavailable in the future, our business, results of operations and financial condition may be adversely affected.

Our insurance coverage may not cover all risks and there are some risks that may only be covered to a limited extent due to limits in our insurance policies. For instance, we may incur losses that cannot be insured against or that we believe are not economically reasonable to insure. Unanticipated changes in the actuarial assumptions and management estimates underlying our reserves for such losses could result in significantly higher expense than anticipated, which could adversely affect our business, results of operations and financial condition.

Fluctuations in currency exchange rates and related risks may adversely affect our results of operations.

Our business is subject to risks due to fluctuations in currency exchange rates. A significant portion of our revenue is denominated in euro, however we also generate revenue denominated in other currencies, mainly the Brazilian real and the Colombian peso. Because our financial statements are presented in euro, the assets, liabilities, sales and expenses of all of our operations with a functional currency other than the euro must be translated into euro at the applicable exchange rates, being the spot rate for assets and liabilities at the balance sheet date, and the average rate for sales and expenses for the applicable income statement period. Consequently, increases or decreases in the value of the euro may affect the value of these items with respect to our non-euro businesses in our financial statements, even if their value has not changed in their own currency, and this could have a material adverse effect on our business, results of operations and financial condition. As of December 31, 2019, a 10% increase in the value of the euro relative to the Brazilian real would have resulted in a negative impact of €1,124 million on our total revenue, €39 million on our trading profit, €10 million on our net profit and €466 million on our equity. A 10% increase in the value of the euro relative to the Colombian peso would have resulted in a negative impact of €291 million on our net sales, €14 million on our trading profit, €1 million on our net profit and €167 million on our equity.

We also engage in foreign exchange hedging transactions from time to time. Our hedging strategies may not adequately protect our results of operations from the effects of exchange rate and interest rate fluctuations or may limit any benefit that we might otherwise receive from favorable movements in such rates. Moreover, we may only have a limited ability to hedge our exposure to foreign exchange risk to reduce the sensitivity of our net profits and our cash flows to currency fluctuations.

We have recorded a significant amount of goodwill, which may not be fully realizable and may be reduced by future impairment charges.

We have recorded a significant amount of goodwill. Total goodwill, which represents the excess of our acquisition costs over the fair value of the net assets of businesses acquired, was €6,746 million as of June 30, 2020, or 22.1% of our consolidated total assets. The value of any goodwill recorded on our financial statements may not be fully realizable upon a sale of all or part of the business or any other liquidity event.

Goodwill is recorded on the date of acquisition and, in accordance with IFRS, is tested for impairment annually and whenever there is any indication of impairment. Impairment may result from, among other things, deterioration in our performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations, any changes in the key assumptions used for internal calculations of values in use and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to our income statement. We can give no assurance that we will not record any goodwill impairments in the future. Any future impairment of goodwill may result in material reductions of our income and equity under IFRS.

We may from time to time pursue acquisitions or disposals, both of which involve numerous risks, including relating to the integration of the acquired business, that could have an adverse impact on our business. Our business could also be negatively impacted by merger control rules and antitrust limitations imposed by supranational and national laws and regulations.

We have in the past acquired and may in the future from time to time acquire other companies or businesses. Acquisitions involve numerous risks, any of which could harm our business, including difficulties in integrating the technologies, operations, existing contracts and personnel of an acquired company; difficulties in supporting and transitioning vendors, if any, of an acquired company; diversion of financial and management resources from existing operations or alternative acquisition opportunities; failure to realize the anticipated benefits or synergies of a transaction; failure to identify all of the problems, expenses, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance practices, revenue recognition or other accounting practices or employee or customer issues; risks of entering new markets in which we have limited or no experience; potential loss of key employees, customers and vendors from either our current business or an acquired company's business; inability to generate sufficient net sales to offset acquisition costs; additional costs or equity dilution associated with funding the acquisition; governance-related difficulties with existing minority shareholders; and possible write-offs or impairment charges relating to acquired businesses.

Moreover, merger control rules and antitrust limitations imposed by the European Union and national laws and regulations could negatively impact our business if such laws and regulations prevent us from expanding our growth through the consummation of mergers or acquisitions in certain categories or oblige us to divest certain stores or activities that may have an impact on our market shares in some geographical areas, especially in Paris. For example, in the past, the Group was required to sell certain of its stores in anticipation of its acquisition of Monoprix at the request of the relevant competition authorities. At the same time, if smaller players in our markets are able to consolidate, this could increase the competitive pressure on our business due to an increase in such competitors' economies of scale and a reduction in their operating costs. Moreover, our competitors might acquire smaller players in our markets, further strengthening their position in such markets. These events could cause our business, financial condition and operating results to be materially and adversely affected.

In addition, we have in the past, and pursuant to our Asset Disposal Plan, will continue to strategically dispose of certain of our non-performing real estate and other assets in the near future. The success of our Asset Disposal Plan depends on market interest for the assets sold and our ability to maintain optimal management of operations of such assets during the transition phase. Further, even following a successful disposal, we face the risk of potential claims by the purchasers of our assets pursuant to liability guarantees typically provided during asset sales. There can be no assurance that planned acquisitions or disposals will be completed on the expected timeframes or at all. Moreover, all or any of these initiatives may fail to improve performance (or may advance performance at a slower pace than planned) and, consequently, materially and adversely affect the Group's business, operating results, financial condition or prospects.

We operate in markets which have historically been predominantly price deflationary, which can put pressure on profit margins.

In the non-food sector, after a product is introduced, the costs associated with the product's average selling price typically decrease as the supply of such product becomes more prevalent in the market and new products are developed and introduced for sale. Accordingly, as is common in our non-food sectors of operation, particularly under our Cdiscount banner, we often expect to reduce the average price of products as a result of new product introductions, increase in sales volume or competitive pressures. There can be no guarantee that price deflation may drive increased sales volume sufficiently to counteract such effects, which may make it harder for us to maintain or grow our profit margin over a product's life cycle.

Where the effect of price deflation is not countered by an increase in sales volume, effective cost is crucial in maintaining or growing profit margins. If we are unable to maintain or grow our profit margins (for example, by shifting our product mix towards higher margin products by selecting and procuring products from suppliers that offer improved designs or preferred features), manage our inventory levels, manage costs or increase our sales volume, this could have a material adverse effect on our business, results of operations and financial condition.

Cdiscount's business may be negatively affected by changes in search engine algorithms and dynamics, or search engine disintermediation.

Cdiscount's e-commerce operations depend in part on various internet search engines to direct a significant amount of traffic to its website, from which it derives a substantial portion of its revenue. Cdiscount's ability to maintain a high number of visitors to its website is not entirely in its control, although it does invest in search engine advertising ("**SEA**") through the purchase of advertising and keywords from search engines and employs search engine optimization ("**SEO**") techniques. Major search engines may modify their search algorithms, and changes in these algorithms could cause its site to receive less favorable placements, which could reduce the number of users who visit its site, as well as reduce its expected return from its SEA investment. Moreover, competitors' SEO efforts may result in their websites receiving a higher search result page ranking than Cdiscount's site. Negative online customer reviews could also lead search engines to down-rank Cdiscount's site.

In addition, sites must comply with search engine guidelines and policies. These guidelines and policies are complex and may change at any time. If Cdiscount fails to follow such guidelines and policies properly, search engines may rank its content lower in search results or could remove its content altogether from their results. If it is listed less prominently or fails to appear in such result listings for any reason, the number of visitors to Cdiscount's sites can decline, which may affect our net sales and results of operations.

Cdiscount is subject to risks associated with its status as a "hosting company".

As a provider of an online marketplace, Cdiscount is faced with unique risks associated with third-party sellers. Despite a quality control program, Cdiscount may be unable to prevent sellers offering products through its marketplaces from collecting payments, fraudulent or otherwise, when customers never receive the products they ordered or when the products received are of inferior quality or materially different from the sellers' representations. In certain instances, Cdiscount reimburses customers for payments in these situation; as it expands its marketplace business, the cost of reimbursing customers could increase and could negatively affect operating results. Cdiscount also may be unable to prevent sellers on its marketplace from selling goods in an unlawful manner without licenses, permits or otherwise, or selling counterfeit products, products whose sale violates the proprietary rights of others or products that do not meet safety standards. Moreover, many of Cdiscount's marketplace sellers use their own facilities to store their products, and many of them use their own or third-party delivery systems to deliver their products to customers, which makes it difficult for Cdiscount to ensure that customers receive the same quality of service for all products. In addition, Cdiscount could face civil or criminal liability for unlawful activities by sellers on its marketplaces. Any of these events could have a material adverse impact on our reputation and business.

Furthermore, the law relating to Cdiscount's potential liability for defective products sold by third parties on its online marketplace platform continues to evolve. The sale of products by third parties using Cdiscount's service may increase its exposure to product liability claims and even criminal liability for the introduction of dangerous or defective products on such marketplaces. Further, the sale of defective products by marketplace vendors could lead to an investigation by regulatory agencies. Despite our established quality control program, Cdiscount's reputation could be harmed if a marketplace vendor sells unlawful or unethical products.

We believe we have hosting company status with respect to our French marketplace. As a result, we believe we are only liable for unlawful activities by sellers on our French marketplace after we have been notified of such activities and do not take any action to remedy the situation. However, if we were to lose our hosting status, we could face civil or criminal liability for unlawful activities by sellers on our French marketplace even if we were not aware of such unlawful activities.

Risks Related to Legal and Regulatory Matters

From time to time we and/or our management are subject to claims that can result in litigation, arbitration, tax or regulatory proceedings which could distract management from our business activities and result in significant liability.

From time to time, we and/or our management are involved in litigation, tax audits, claims and other proceedings related to the conduct of our business, including, but not limited to, claims from our employees, claims of intellectual property infringement, claims asserting unfair competition and unfair business practices by third parties and environmental, health and safety claims. We could face a wide variety of employee claims, including general discrimination, privacy, labor and employment and disability claims.

In particular, following certain speculative attacks on the share capital of the Issuer starting in December 2015, we asked the AMF to initiate an investigation, which was opened in February 2016. On December 17, 2019, the AMF closed the investigation, publishing a press release stressing the importance of compliance with principles of honesty, fairness and impartiality for persons issuing investment recommendations, without taking any further action. Following further speculative attacks on the share capital of the Issuer in June 2018, the Group filed a formal complaint with the AMF, asking for action to be taken to halt the attacks and prosecute the perpetrators. In October 2018, the Group, along with its majority shareholder Rallye, filed a criminal complaint with France's financial Public Prosecutor on the grounds of price manipulation, dissemination of false or misleading information, as well as insider trading, followed in November 2018 by the filing of another criminal complaint for false allegations with the Paris Public Prosecutor. Such speculative attacks on the share capital of the Issuer continued in 2019. To the knowledge of the Group, the procedures opened by the AMF and the Public Prosecutor in late 2018 are still in progress.

Any claims could result in litigation against us and could also result in regulatory proceedings being brought against us by various governmental agencies. Often these cases raise complex factual. accounting and legal issues, which are subject to risks and uncertainties and which could require significant management time and legal expenses. Litigation and claims and regulatory proceedings against us or our management could result in unexpected expenses and liability and could also materially adversely affect our business, financial condition and results of operations. Even if we were successful in defending such proceedings, we could still suffer from the distraction of management resources to such proceedings, incur certain expenses and possibly face harm to our reputation from case-related publicity. The involvement in litigation and arbitration proceedings could have a material adverse effect on our business, results of operations and financial condition. See "—*Business—Legal Proceedings*".

We are subject to increasingly stringent laws and regulations and increased scrutiny from regulators and enforcement authorities which could impose substantial liabilities and costs and have a material adverse effect on our business, financial condition and results of operations.

In the ordinary course of our business, our operations and properties are subject to increasingly stringent international, national and local laws and regulations such as laws on labor, competition, imports and exports, truth-in-advertising, consumer protection, supplier relations, urban planning approvals for the opening of new stores, business operations, stock exchange, product safety, intermediation in consumer credit and insurance, information technology, store safety and accessibility, occupational health and environment.

For example, as a retailer, we are subject to regulation by consumer protection authorities, such as the French *Direction générale de la concurrence, de la consommation et de la répression des fraudes* ("**DGCCRF**"). Such authorities enforce compliance with a host of consumer-related laws and regulations, including rules on advertising style and content, the nature, composition and labelling of products supplied, legally mandated minimum information to be provided to consumers before they make a purchase, product safety and customer service processes. These laws and regulations have tended to become more stringent and more expansive over time, and enforcement has tended to increase over time.

We are also subject to regulations that govern our relationships with our suppliers, limiting our operational flexibility. Such regulations are subject to frequent change, which may materially impact our business operations, and our failure to comply with such laws can result in significant fines. Changes in such regulations could have an impact on our business operations. Moreover, our Group is a party to a purchasing alliance, Horizon, which has been operational since February 2019. Purchasing alliances have recently been the subject of increased scrutiny from the European Commission under competition laws. Competition authorities have the ability to impose significant fines or impose limitations on the scope of these alliances for violations of competition law.

We are also subject to labor and employment laws that regulate our employees' working conditions, maximum working hours and, in certain jurisdictions such as France, the ability to have stores open 24 hours a day or work on Sundays. We may be subject to audits and/or inquiries into our labor law practices by competent authorities, and enforcement costs can be significant.

Additionally, as a retailer of food products for human consumption, we are subject to stringent production, packing, health, quality, labeling and distribution standards. Each of our stores and our suppliers' facilities is subject to licensing, reporting requirements and official quality controls by numerous governmental authorities, including European, national and local health, environmental, labor relations, sanitation, building, zoning, fire and safety departments. Difficulties in obtaining or failure to obtain the necessary licenses or approvals could delay or prevent the development or operation of a given retail location or distribution center. Our stores, our outsourced distribution centers and our suppliers' production facilities are subject to regular inspection by authorities for compliance with hygiene regulations applicable to the sale, storage and manufacturing of foodstuffs and the traceability of genetically modified organisms, meats and other raw materials. Despite the precautions we undertake or require our suppliers to undertake, should any non-compliance with such regulations be discovered during an inspection, authorities may temporarily shut down the store, distribution center or facility concerned and levy a fine for such non-compliance which could have a material adverse effect on our business, financial condition and results of operations.

Further, we are subject to various environmental, health and safety requirements, including those governing discharges to water and air, waste disposal, the cleanup of contaminated sites, product content and labeling and worker health and safety. We could incur substantial costs, including cleanup obligations, fines, penalties and other sanctions, and third-party claims for personal injury or property damage, as a result of violations of our liabilities under these requirements. For example, we own and operate service stations in France and abroad, and as a result we are particularly subject to a variety of European directives and regulations, as well as national and local laws, rules, taxes and regulations governing the use, management, storage and disposal of hazardous substances, wastes and other regulated materials, such as petroleum and petroleum products, and any environmental impacts from current or historical operations at such locations. Our service stations in France are classified facilities (*installations classées pour la protection de l'environnement)* and subject to regulation and oversight relating to their use of potentially hazardous substances and other environmental impacts. Our operations and facilities also require permits and authorizations under environmental, health and safety requirements, which are subject to renewal, modification and rescission by issuing authorities. We also may be required to incur substantial capital or other costs to comply with such requirements or those that are promulgated in the future.

Moreover, some of our businesses are subject to specific regulations, compliance with each of which can be complex and costly or can result in significant cash outflows. These include compliance with banking and personal finance regulations by Floa Bank in France and by GPA's and Grupo Éxito's consumer finance businesses FIC and Tuya in Brazil and Colombia, respectively, compliance with e-commerce laws and regulations, compliance with real estate laws and regulations by our subsidiary Sudéco and compliance with laws and regulations affecting the solar energy sector by our GreenYellow business; subsidies for green energy in France have an impact on GreenYellow's results.

In addition, as a public company with shares listed in France, we are subject to rules and regulations that impose various requirements, including the requirements to publish regular audited financial reports, and increased legal and financial compliance costs and governance requirements, such as a minimum number of independent board members.

From time to time, we may be notified of or otherwise become aware of additional laws and regulations that governmental organizations or others may claim should be applicable to our business. Compliance with future requirements could result in substantial costs to us. Failure to comply with any such laws or regulations could subject us to sanctions which could have an adverse effect on our financial condition or results of operations. Future changes in such laws and regulations could also have an adverse effect on our financial condition or results of operations.

As a general matter, legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. Failure to define clear roles and responsibilities or to regularly communicate with and train our employees may result in noncompliance with applicable laws and regulations. As is the case for other retailers of our size, we are subject to inquiries and investigations from regulatory bodies, such as consumer protection agencies or competition authorities or financial regulators, in the ordinary course of our business. Authorities may take the view that we are not compliant with applicable laws and regulations and, consequently, we may be required to make significant expenditures to defend against allegations of wrongdoing or modify our business practices to comply with differing interpretations of existing laws and regulations or with future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

For a further discussion of the material regulatory regimes with which we must comply, see "*Regulation*".

Compliance with privacy and information laws and requirements could be costly, and a breach of information security or privacy could adversely affect our business.

A significant number of purchases across our various sales channels are made using credit and debit cards. We also have loyalty programs as part of our marketing strategy, which allow us to gather information about our customer base. In order for our business to function successfully, we must be able to handle and transmit confidential information, including credit and debit card information, securely. We strive to comply with all applicable laws, regulations and other legal obligations relating to privacy and data protection, including those relating to the use of data for marketing purposes. However, any failure or perceived failure by us to comply with our policies or with any other privacy related laws, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject or other legal obligations could adversely affect our reputation and brands and may result in claims, fines, civil or criminal proceedings or actions against us by governmental entities or others. Moreover, even if we are compliant with such laws and requirements, we may not be able to prevent security breaches involving customer transaction data.

In addition, we are subject to laws and regulations on privacy at the international, national and state or local level in all of our operating countries. If we or those with whom we share information fail to comply with these laws and regulations, we could be subject to legal risk. For example, we are subject to the GDPR, which regulates data protection, privacy and the transfer of EU citizens' personal data, and which became applicable on May 25, 2018. The GDPR strengthens existing rights, provides for new rights and gives customers and employees increased control over their personal data. Non-compliance with the GDPR could result in fines of a threshold percentage of our global net sales. The Latin American operations of GPA and Grupo Éxito are also subject to similar data protection laws.

Laws and regulations relating to privacy, data protection, consumer protection and the digital advertising business are evolving and subject to potentially different interpretations. Changes in these laws and regulations or their interpretations may force us to incur substantial costs or require us to change our business practices and may present challenges to our ability to collect customer data and promote our sites, product offerings and services through electronic communication.

We are exposed to changes in local regulation of credit and debit card provider commissions and payment terms which could impose substantial costs and have a negative impact on our profitability and results of operations.

A substantial portion of our customers pay for their purchases with a credit or debit card. For credit and debit card payments, we pay interchange and other fees, which may increase and raise our operating expenses and adversely affect our profits. For example, credit card companies in Brazil tend to impose stringent payment terms by charging higher commissions than they do in France; they also typically settle transactions approximately 30 days after a sale is made, as compared to the one-day turnaround that is typical for transaction settlement in France, which can have an adverse impact on our cash flows and liquidity. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult for us to comply. There is also a risk that information from customers' credit or debit cards could be misappropriated. A failure by us to comply with applicable requirements or regulations may subject us to fines, the loss of our ability to accept credit and debit card payments from our customers or the cessation of payments from credit and debit card providers to us for purchases already made. Any of these scenarios may have a material adverse effect on the results of our operations or financial condition.

Changes in tax laws or challenges to our tax position could adversely affect our results of operations and financial condition.

We are subject to complex tax laws in each of the jurisdictions in which we operate as well as to international tax laws. Changes in tax laws or regulations or to their interpretations could adversely affect our tax position, including our effective tax rate or tax payments, possibly with a retroactive effect.

In particular, European and French tax laws and regulations are extremely complex and are subject to varying interpretations. In this respect, the current incorporation into European and French tax law of the Organization for Economic Cooperation and Development's (the "**OECD**") principles related to base erosions and profit shifting ("**BEPS**") included in the final reports released by the OECD as well as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS signed in Paris on June 7, 2017 and ratified by France on September 26, 2018, may increase the administrative efforts within our business and impact existing structures.

The European Union is itself pursuing its work on the harmonization of the tax legislation of the Member States. In this respect, the Council of the European Union adopted a directive "laying down rules against tax avoidance practices that directly affect the functioning of the internal market" on July 12, 2016 (Council Directive 2016/1164) (the "**ATAD**"). The ATAD was later amended on May 29, 2017 (Council Directive 2017/952) (the "**ATAD 2**"), which, *inter alia*, extends the scope of the ATAD to hybrid mismatches involving third countries and provides that its provisions apply (subject to certain exceptions) since January 1, 2020. Amongst the set of measures, the ATAD provides for a general interest limitation rule pursuant to which the tax deduction of net financial expenses is limited to 30% of the taxpayer's tax adjusted EBITDA or to a maximum amount of €3 million, per financial year, whichever is higher (subject to several exceptions, notably in certain cases of thin capitalization. Such rules apply as from January 1, 2019 further to the transposition into French tax law by Article 34 of the French Finance Law for 2019 (Law 2018-1317 of December 28, 2018) of the general interest limitation rule provided for by the ATAD. The French Finance Law for 2020 (Law 2019-1479 of December 28, 2019) also introduced under French tax law the provisions of the ATAD 2 and thus repealed the existing French anti-hybrid rules, as set forth in Article 212-I-b of the French Tax Code (*code général des impôts*) (the "**FTC**"). See "*—French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus increasing our taxable basis and reducing the cash flow available to service our indebtedness*" for more details on these rules. Furthermore, Article 108 of the French Finance Law for 2019 introduced under French tax law as from January 1, 2019, the anti-abuse provision provided for by the ATAD with respect to French corporate income tax, which aims to address abusive tax practices that are not dealt with by specifically targeted provisions. Pursuant to this provision, the French tax authorities might ignore, for the determination of corporate income tax, an arrangement or a series of arrangements which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the applicable tax law, are not genuine taking into account all relevant facts and circumstances. The condition relating to the absence of genuineness of the arrangement or series of arrangements would be met if such arrangement or series of arrangements were established for invalid commercial reasons. This reinforces the arsenal of the French tax authorities in the fight against abusive arrangements (without providing for specific penalties), other provisions being primarily focused on solely tax-driven schemes.

The European Commission has also published a corporate reform package proposal on October 25, 2016 including three new proposals that aim at (i) re-launching the Common Consolidated Corporate Tax Base ("**CCCTB**") which is a single set of rules to compute companies' taxable profits in the EU, (ii) avoiding loopholes associated with profit-shifting for tax between EU countries and non-EU countries, and (iii) providing new dispute resolution rules to relieve problems with double taxation for businesses. The directive proposal on the CCCTB requires unanimity in the Council of the European Union for its adoption following consultation of the European Parliament (special legislative procedure), which gave its favorable vote on March 15, 2018. It should be implemented in two steps, with the common base being implemented as a first step and consolidation being put in place swiftly afterwards. In this respect, the European Commission has published its work program for 2020, which indicates that the CCCTB should receive priority attention this year. Furthermore, additional rules on tax dispute resolution apply since January 1, 2019 following the transposition of Council Directive 2017/1852 of October 10, 2017 into French tax law as part of the French Finance Law for 2019. These regulations could impact our tax position in the future. Another area of uncertainty concerns the progressive decrease of the French statutory corporate income tax rate provided for by Article 219 of the FTC to 25% (or from 34.43% to 25.83% by taking into account the 3.3% social contribution provided for by Article 235 ter ZC of the FTC which applies in addition to the French statutory corporate income tax rate) for companies whose corporate income tax charge exceeds €763,000) over a period of four years starting in 2019. Indeed, the pace of such decrease has been amended several times to address budget constraints of the French State since its first enactment by the end of 2018. Currently, for companies generating a French turnover of less than €250 million, the French corporate income tax rate is reduced to (i) 28% (or 28.92% including the above mentioned additional 3.3% social contribution) for fiscal years beginning on or after January 1, 2020 and (ii) 26.5% (or 27.37% including the above mentioned additional 3.3% social contribution) for fiscal years beginning on or after January 1, 2021. In addition, companies generating a French turnover exceeding €250 million pay French corporate income tax (i) at a rate of 28% up to a taxable profit of €500,000, beyond which the statutory rate of 31% (or 32.02% including the above mentioned additional 3.3% social contribution) applies for fiscal years beginning on or after January 1, 2020 and (ii) at the rate of 27.5% (or 28.41% including the above mentioned additional 3.3% social contribution) for fiscal years beginning on or after January 1, 2021. For fiscal years beginning on or after January 1, 2022, the French statutory corporate income tax rate will in principle be reduced to 25% (or 25.83% including the above mentioned additional 3.3% social contribution) for all companies. In recent years, fiscal policy has also focused on the tax treatment of internet businesses, and the ways in which tax laws can be adapted to tax e-commerce. This area is still unsettled and there is a risk that any of the taxing jurisdictions in which we do business could alter their tax laws in a way that would materially increase the tax rate applicable to our E-commerce business. In this respect, the French tax bill, released by the French government on March 6, 2019 and enacted by the French Parliament on July 24, 2019, contains provisions on the taxation of numerical businesses which are now subject to a 3% tax on the turnover realized in France by companies whose portion of their turnover associated to numerical activities exceeds €750 million worldwide out of which €25 million may be attributed to French users. In the context of the negotiations within the OECD, the French tax authorities had suspended the payment of this tax for fiscal year 2020 to take into account the potential adoption of a similar tax at the international level. However, these negotiations being at a standstill, the French tax authorities have later announced in October 2020 that the above-mentioned tax would effectively be collected in December 2020.

Finally, since tax laws and regulations in the various jurisdictions in which we are located or operate or may be located or may operate may not always provide clear-cut or definitive guidelines, the tax regime applied to our operations, intra-group transactions or reorganizations (past or future) is or may sometimes be based on our interpretations of French or foreign tax laws and regulations, in particular those of Brazil and Colombia, in which we generate a significant portion of our net sales. Our interpretation of and compliance with such laws is frequently the subject of review and inquiry from competent tax authorities. As a result, we are exposed to the risk that our tax compliance may be frequently challenged, particularly in the above-mentioned jurisdictions (and also in the current international tax context tending towards enhanced mandatory disclosure obligations). More generally, any failure to comply with the tax laws or regulations of the countries in which we are located or operate may result in reassessments, late payment interests, fines and penalties.

In addition, we benefit from significant tax incentives granted by Brazilian states and may obtain additional tax incentives in the future. However, we cannot guarantee that these tax incentives will remain in force, that the legality of these tax incentives is not, or will not in the future be, questioned by third parties such as the Brazilian attorney general or other Brazilian states, or that we will be able to replace these incentives if they are suspended or cancelled in the future. If these tax incentives are no longer in place, we may be retroactively subject to the taxes (and related penalties) that were not paid in the past due to such tax incentives. For a further discussion of other risks affecting our international operations, see "*—Our international operations are exposed to political and other business risks*".

Our inability to generate sufficient future taxable profits or adverse changes to tax laws, regulatory requirements or accounting standards could have a negative impact on the recoverability of certain deferred tax assets.

We recognize deferred tax assets relating to tax losses carried forward and deductible temporary differences only to the extent that it is probable that future taxable profit will be available against which the tax losses carried forward and the temporary differences can be utilized. As of June 30, 2020, we had deferred tax assets of €853 million. The deferred tax assets are quantified on the basis of currently enacted tax rates and accounting standards and are subject to change as a result of future changes to tax laws or the rules for computing taxable profits and allowable losses, possibly with a retroactive effect. Failure to generate sufficient future taxable profits or changes in tax laws or accounting standards may reduce our estimated recoverable amount of deferred tax assets. Such a reduction could have an adverse effect on our financial condition and results of operations.

The adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results.

The Council of the European Union adopted on December 5, 2017 its conclusions on the EU list of non-cooperative jurisdictions for tax purposes (the "**Council Conclusions**") which is composed of two sub-lists (respectively, the "Black List" and the "Grey List", together referred to as the "**EU List**"). The EU List was established following a screening and a dialogue conducted by a code of conduct working group appointed by the Council during 2017 with a large number of third country jurisdictions to improve tax good governance globally, and to ensure that the EU's international partners respect the same standards as EU Member States do. The Black List, which shall be updated at least once a year, is currently (according to the list as of October 6, 2020) composed of twelve jurisdictions (American Samoa, Anguilla, Barbados, Fiji, Guam, Palau, Panama, Samoa, Seychelles, Trinidad and Tobago, US Virgin Islands and Vanuatu).Furthermore, the Council published a Grey List of screened jurisdictions that committed to introduce changes in their tax legislation in order to comply with the European Union screening criteria. Though there is no applicable sanction yet, EU Member States are encouraged by the Council Conclusions to agree on coordinated sanctions to apply at national level against these listed jurisdictions, such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions.

A French law that aims at fighting fraud was published on October 24, 2018 (Law 2018-898 of October 23, 2018) and expands under certain conditions the French tax regime regarding the non-cooperative States and jurisdictions as defined under Article 238-0 A of the FTC ("**Non-Cooperative States**") to certain States and jurisdictions included into the Black List. As a result, interest paid or accrued to persons domiciled or established in certain States and jurisdictions included into the Black List or paid on an account opened in a financial institution located in such States and jurisdictions may be subject to withholding tax in France and not be deductible for purposes of the computation of the debtor's corporate income tax liability. The anti-abuse measures apply in principle to states and jurisdictions newly added to the list as from the first day of the third month following the month during which the addition is made (although the Administrative Guidelines (as defined hereinafter) still continue to refer to January 1 of the following year (BOI-INT-DG-20-50-11/02/2014), it being mentioned that the French list has been recently updated and includes the states and jurisdictions contained in the former version of the Black List dated November 7, 2019 (Ministerial Order dated January 6, 2020 amending the ministerial order dated February 12, 2010). Such list of Non-Cooperative States currently includes, in addition to Panama which was already included in the former version of this list, the following states and territories: the American Samoa, Anguilla, Bahamas, the British Virgin Islands, Fiji, Guam, Oman, Samoa, Seychelles, Trinidad and Tobago, the United States Virgin Islands and Vanuatu.

We are exposed to the risk of violations of anti-corruption laws, sanctions or other similar regulations applicable in the countries in which we operate or intend to operate.

We must comply with certain anti-corruption laws or other similar regulations. For example, the French law of December 9, 2016 relating to transparency, fighting corruption and modernizing economic life (more widely known as the "**Sapin II Law**") and other similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purposes of obtaining or retaining business. We operate in certain parts of the world that lack a developed legal system or have experienced widespread corruption. Under some circumstances, strict compliance with anti-corruption laws may conflict with local customs and practices. Our internal policies mandate compliance with these laws, but despite our compliance policies and training efforts, we cannot assure you that our internal control policies and procedures will always protect us from acts committed by our employees.

Further, we must comply with EU sanctions and any other applicable sanctions. Sanctions can change frequently (and often without advance notice) and we cannot guarantee that aspects of our current business will not be subject to sanctions in the future. U.S. sanctions principally apply to U.S. persons and, as a non-U.S. company, we are not required to comply with such sanctions. Nonetheless, certain aspects of our business may be impacted by U.S. sanctions that target jurisdictions in which we operate, such as Venezuela. In January 2010, the Venezuelan governmental authorities ordered the nationalization of the Group's stores operating in Venezuela through Cativen S.A., which has since been renamed Red de Abastos Bicentenario S.A. ("**Cativen**"). In November 2010, the Group signed an agreement with the Government of Venezuela pursuant to which we disposed of 80.1% of our share capital in Cativen in exchange for $622.5 million, paid in installments of cash and dollar-denominated notes issued by the Venezuelan state, the last payment of which was received in November 2011. The Group has not received any dividend from Cativen since the signature of this agreement. In particular, U.S. sanctions against Venezuela have targeted the Government of Venezuela, which could impact our minority stake in Cativen, which is majority owned by the Government of Venezuela. Other than as set out above, we do not conduct any business in Venezuela.

Violations of such laws can result in civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment. In addition, such violations could also negatively impact our reputation and consequently, our ability to win future business. On the other hand, any such violation by our competitors, if undetected, could give them an unfair competitive advantage. The consequences that we may suffer due to the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Indebtedness and the Notes

The Issuer is a holding company that has limited revenue generating operations of its own and will depend on cash from its operating subsidiaries to be able to make payments on the Notes.

The Issuer is a holding company. Its revenue is generated primarily from royalties received from its subsidiaries for the use of trademarks and brands we own, as well as services billed to its subsidiaries. Its material assets consist of certain trademarks and the equity interest it holds in its subsidiaries. Payment of interest and repayment of principal under the Notes will be primarily dependent on the ability of the Issuer's subsidiaries to make cash available to the Issuer, through a combination of dividend and other distributions, interest payments under intercompany loans and cash pooling arrangements at the Issuer level. The Issuer's subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness or by law, in their ability to make such distributions or fulfill their obligations under intercompany loans to enable the Issuer to make payments in respect of the Notes. Each of the Issuer's subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit the Issuer's ability to obtain cash from them.

While the Indenture will limit the ability of the Issuer's subsidiaries to incur contractual restrictions on the ability to pay dividends or make other intercompany payments, these limitations are subject to certain significant qualifications and exceptions. In addition, no such restrictions will apply to the Latin American subsidiaries of the Group. We cannot assure you that arrangements with the Issuer's subsidiaries, the funding permitted by the agreements governing existing and future indebtedness of the Issuer and its subsidiaries and our results of operations and cash flow generally will provide the Issuer with sufficient dividends, distributions or payments under intercompany loans and cash pooling arrangements to fund payments on the Notes. In the event that the Issuer does not receive enough cash from distributions or other payments from its subsidiaries, the Issuer may be unable to make required principal and interest payments on the Notes.

Our level of indebtedness could adversely affect our ability to react to changes in our business, and we may be limited in our ability to fulfill our obligations with respect to the Notes, and to use debt to fund future capital needs.

We currently have, and after the issuance of the Notes and the drawing of the Incremental Term Loan B, will continue to have, a significant amount of outstanding debt with substantial debt service requirements. On an as adjusted basis, taking into account the Transactions, the total consolidated adjusted gross debt of our France Retail and E-commerce segments would have been €4,986 million as of September 30, 2020. See "*Capitalization*".

Our substantial indebtedness could have important consequences to holders of the Notes by adversely affecting our financial position including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations (after the payment of operating expenses) to payments with respect to our other indebtedness, thereby reducing the availability of our cash flow for changes in working capital, capital expenditures, acquisitions, joint ventures and other general corporate expenditures;
- increasing our vulnerability to, and reducing our flexibility to respond to, adverse general economic or industry conditions;
- limiting our flexibility in planning for, or reacting to, competition or changes in our business or industry;
- limiting our ability to borrow additional funds or raise equity capital in the future and increasing the cost of any such borrowing or capital raising;
- restricting us from making strategic acquisitions or exploring business opportunities; and

- placing us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including with respect to the Notes. Our ability to make payments on and refinance our indebtedness will depend on our ability to generate cash from our operations, among other factors. Our ability to generate cash from operations and to successfully complete our Asset Disposal Plan is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt or fund our planned capital expenditures.

In addition, we may be able to incur substantial additional debt in the future. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we now face could intensify. See *"—We may incur additional indebtedness in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our business"*.

For further information regarding our substantial leverage and for more information about our outstanding indebtedness, see also "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Description of Certain Financing Arrangements*".

To repay or refinance and service our debt, including the Notes, we will need a significant amount of cash. We may not be able to generate sufficient cash to meet our debt service obligations, or our obligations under other financing arrangements, in which case our creditors could declare all amounts owed to them due and payable, leading to liquidity constraints.

Our ability to make payments on principal or interest when due on our indebtedness, including the Notes, will depend upon our future performance, our ability to generate cash and our ability to successfully complete our Asset Disposal Plan. Our ability to generate cash depends on many factors beyond our control. The ability of our subsidiaries to transfer funds to the Issuer or other obligors on our indebtedness, pay operating expenses and fund planned capital expenditures and any future acquisitions will depend on our businesses' ability to generate cash in the future, as well as limitations that may be imposed under applicable law. This is subject, to an extent, to general economic, financial, competitive, legislative, regulatory and other factors, including those factors discussed in this "*Risk Factors*" section or elsewhere in this Listing Prospectus, many of which are beyond our and our subsidiaries' control. Moreover, the assets that are the subject of our Asset Disposal Plan represent cash flows that will no longer be available to us following those disposals, thereby exacerbating this risk. If we sustain losses in the future, our ability to repay and service our debt may be materially impaired.

If we are unable to generate sufficient cash flow to meet our payment obligations and/or if we are not successful in completing our Asset Disposal Plan, we may be forced to reduce or delay planned expansions or capital expenditures, discontinue specified operations, obtain additional funding in the form of debt or equity capital or attempt to restructure or refinance all or a portion of our debt on or before maturity. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. In particular, our ability to restructure or refinance our debt will depend in part on our financial condition at such time and on market conditions. In addition, the terms of our debt, including the Indenture, will limit our ability to pursue these alternatives. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations and could be in default under our financing arrangements. In the event of default, the lenders under the respective facilities or financing instruments could take certain actions, including terminating their commitments and declaring all amounts that we have borrowed under our credit facilities and any other indebtedness that we have incurred or may incur in the future to be due and payable, together with accrued and unpaid interest. If the debt under the Notes or any other material financing arrangement that we have entered into or will subsequently enter into were to be accelerated, our assets may be insufficient to repay the Notes in full. See "*Description of Certain Financing Arrangements*" and "*Description of the Notes*".

We are subject to restrictive and affirmative debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities. If we default under these covenants, we may not be able to meet our payment obligations.

The Indenture will contain a number of significant restrictive covenants that restrict some of our and our subsidiaries' corporate activities, including, but not limited to, our and their ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or permit to exist certain liens;
- pay dividends, redeem capital stock and make certain investments;

- make certain other restricted payments;
- make certain asset sales;
- consolidate or merge with other entities;
- enter into certain transactions with affiliates; and
- impose restrictions on the ability of the Issuer's subsidiaries to pay dividends or make other payments to the Issuer.

All of these limitations are or will be subject to significant exceptions and qualifications. The agreements governing our other debt financings also contain restrictive covenants. The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our financial condition and results of operations. Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the Notes and our other debt financings. This would permit the lenders to take certain actions, including declaring all amounts that we have borrowed under our other debt financings to be due and payable, together with accrued and unpaid interest. A failure to pay such amounts could also result in an event of default under the Indenture. If the debt under the Indenture or our other debt financings or any future material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Notes and our other debt.

We may incur additional indebtedness in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our business.

We may incur substantial additional debt in the future, including in the Issuer and its subsidiaries. Although the Indenture will contain restrictions on the incurrence of additional debt, these restrictions will be subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. The terms of the Indenture will permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture.

Moreover, some of the debt we may incur in the future could be structurally senior to the Notes (such as at the level of our subsidiaries). In addition, the Indenture will allow us to incur debt that is secured by collateral that does not secure the Notes or could mature prior to the Notes. In addition, the Indenture will not prevent us from incurring obligations that do not constitute debt under those agreements.

In addition, we hold significant investments through minority interests in entities that will not qualify as "subsidiaries" under the Indenture, including, our Latin American subsidiaries. Indebtedness in such entities would consequently not be regulated and limited by the terms of the Indenture. Such entities could consequently incur a significant amount of indebtedness.

The incurrence of additional debt by our subsidiaries and minority investments would increase the leverage-related risks described in this Listing Prospectus and decrease the amount of dividends available to us from these entities. An inability to service our debt could have a material adverse effect on our business, financial position, results of operations and on our ability to fulfill our obligations under the Notes.

The Notes will be structurally subordinated to the liabilities of the Issuer's subsidiaries.

None of the Issuer's subsidiaries will initially guarantee the Notes, which means that holders of the Notes will have no direct claims against the assets or the earnings of the Issuer's subsidiaries to satisfy obligations due under the Notes. See "*—The Issuer is a holding company that has limited revenue generating operations of its own and will depend on cash from its operating subsidiaries to be able to make payments on the Notes*".

Generally, claims of creditors of the Issuer's subsidiaries, including trade creditors, and claims of any preferred stockholders of such subsidiaries, will have priority with respect to the assets and earnings of such subsidiary over the claims of creditors of its direct or indirect shareholders, including the Issuer. Accordingly, in the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our subsidiaries, the creditors of the Issuer (including the holders of the Notes) will have no right to proceed against such subsidiaries' assets and holders of such subsidiaries' indebtedness and their trade creditors will generally be entitled to payment in full of their claims from the assets of those subsidiaries before any direct or indirect shareholder, including the Issuer, will be entitled to receive any distributions from any subsidiary. As such, the Notes will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of the Issuer's subsidiaries. Any of the debt that the Issuer's subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes. On an as adjusted basis, taking into account the Transactions, as of September 30, 2020, the total consolidated adjusted gross debt of our France Retail and E-Commerce subsidiaries (which comprise all of our directly and indirectly majority-owned subsidiaries), including debt of the Issuer that is guaranteed by such subsidiaries, would have been €2,287 million. See "*Capitalization*".

Claims of the secured creditors of the Issuer will have priority with respect to their collateral over the claims of unsecured creditors, such as holders of the Notes, to the extent of the value of the assets securing such indebtedness.

The Notes will not be secured by any of the Issuer's assets. As a result, claims of the secured creditors of the Issuer will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, the Notes will be effectively subordinated to any existing and future secured indebtedness and other secured obligations of the Issuer to the extent of the value of the assets securing such indebtedness or other obligations (except to the extent such assets in the future also secure the Notes on an equal and ratable basis or priority basis). In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Issuer at a time when it has secured obligations, holders of secured indebtedness will have priority claims to the assets of the Issuer that constitute their collateral (other than to the extent such assets in the future also secure the Notes on an equal and ratable basis). The holders of the Notes will participate ratably with all holders of the unsecured indebtedness of the Issuer, and potentially with all their other respective general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Issuer. The claims of holders of the Notes and other unsecured creditors will also depend on whether there is any value left in the bankruptcy estate besides any secured assets. If any of the secured indebtedness of the Issuer becomes due or the creditors thereunder proceed against the operating assets that secure such indebtedness, our assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness of the Issuer.

French insolvency laws may not be as favorable to you as the insolvency laws of the United States or other countries.

The Notes will be issued by the Issuer, which is organized and existing under the laws of France. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in France, the laws of which may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-commencement interest and duration of the proceedings.

Applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in France could limit the enforceability of the Notes against the Issuer. In addition, in France, insolvency legislation tends to favor the continuation of a business and protection of employment over the payment of creditors. In the context of proceedings affecting creditors, including court-assisted proceedings (*mandat ad hoc* proceedings or conciliation proceedings (*procédure de conciliation*)), and court-administered proceedings (safeguard proceedings (*sauvegarde, sauvegarde accélérée* or *sauvegarde financière accélérée*), judicial reorganization proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*)), the ability of holders of the Notes to enforce their rights under the Notes could be limited or suspended.

For more information regarding insolvency laws and enforceability issues as they relate to the Notes, see "*Certain Insolvency Law Considerations*".

Certain covenants and events of default may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if on any date following the Issue Date, the Notes receive a rating of Baa3 or better by Moody's and a rating of BBB- or better from S&P and no default or event of default has occurred and is continuing under the Indenture, then, beginning on that day, certain covenants of the Indenture will not apply to the Notes and any related default provisions of the Indenture will cease to be effective. Those covenants are described in this Listing Prospectus under the following captions:

- "*Description of the Notes—Certain Covenants—Limitation on Debt*";
- "*Description of the Notes —Certain Covenants—Limitation on Restricted Payments*";
- "*Description of the Notes —Certain Covenants—Limitation on Transactions with Affiliates*";

- "*Description of the Notes —Certain Covenants—Limitation on Sale of Certain Assets*";
- "*Description of the Notes —Certain Covenants—Additional Guarantees*";
- "*Description of the Notes —Certain Covenants—Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries*";
- "*Description of the Notes—Certain Covenants—Designation of Unrestricted and Restricted Subsidiaries*"; and
- "*Description of the Notes —Certain Covenants—Consolidation, Merger and Sale of Assets*" (but only clause (c) of the first paragraph of such covenant).

Notwithstanding the foregoing, if the rating assigned by any such rating agency to the Notes should subsequently decline to below Baa3 or BBB-, as applicable, the foregoing covenants and any related default provisions will be reinstituted as of and from the date of such rating decline. If these covenants were to be suspended, we would be able to incur additional debt or make payments, including dividends or investments, without restrictions under the Indenture which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

Credit ratings may not reflect all risks, are not recommendations to buy, sell or hold securities, and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely impact our ability to raise new financings and could adversely affect the value and trading of the Notes.

French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus increasing our taxable basis and reducing the cash flow available to service our indebtedness.

The French Finance Law for 2019 (Law 2018-1317 of December 28, 2018) includes specific provisions which introduce into French tax legislation the provisions of the ATAD regarding interest deductibility limitations in respect of fiscal years opened as from January 1, 2019.

In relation to such introduction, (i) the provisions of (x) Articles 212 *bis* and 223 B *bis* of the FTC (*i.e.*, the former 25% general limitation of deductibility of financial expenses ("*rabot fiscal*")) and (y) Article 209-IX of the FTC (the "*Amendement Carrez*" limitation) have been repealed and (ii) the provisions of Article 212-II of the French Tax Code (*i.e.*, existing thin-capitalization rules) have been substantially amended, as developed in more detail below.

The other rules relating to the maximum rate for interest paid to direct minority shareholders or to related parties (Articles 39.1.3° and 212-I-(a) of the FTC) have remained unchanged.

Under Article 39.1.3° of the FTC, the deduction of interest paid by a French company to lenders who are direct shareholders of such company but are not related parties to such company within the meaning of Article 39.12 of the FTC, is subject to the conditions that (i) the share capital of the borrowing company is fully paid-in and (ii) the interest rate on the corresponding loans does not exceed a rate equal to the annual average rate of floating rate loans granted by financial establishments for a minimum term of two years (1.19% for 12-month financial years ended from November 30, 2020 to December 30, 2020). Non-deductible interest pursuant to such limitation will be treated as deemed dividend under French tax law and may in particular be subject to withholding tax, subject to applicable tax treaties. By exception, Article 212, I-(a) of the FTC provides that, in respect of a given tax year, interest incurred on loans granted by a related party within the meaning of Article 39.12 of the FTC is deductible up to the rate referred to in Article 39.1.3° of the FTC or, if higher, up to the rate that the borrowing entity could have obtained from independent financial credit institutions in similar circumstances.

Pursuant to Article 34 of the French Finance Law for 2019 (codified under Article 212 *bis* of the FTC), the deductibility of net financial expenses incurred by an entity in respect of a given fiscal year is now limited to the higher of (i) €3 million and (ii) 30% of its tax adjusted EBITDA in the same fiscal year (corresponding to its taxable income before offset of carry forward tax losses and without taking into consideration net financial expenses and, to some extent, depreciation, provisions and capital gains/losses) generated by such entity (the "30% Limitation"). Such limitation applies to both related-party and third-party financings regardless of the purpose of these financings, subject to certain limited exceptions.

Furthermore, for entities being part of a group that establishes eligible consolidated financial statements for accounting purposes, a safeguard clause has been implemented in order to allow additional deduction of net financial expenses for companies that are able to demonstrate that the ratio of their equity (*fonds propres*) over their total assets is equal to or higher than the same ratio computed at the level of the accounting consolidated group to which they belong for accounting purposes. In this specific case, net financial expenses exceeding the 30% Limitation are deductible up to 75% of their amount.

French thin-capitalization rules have also been amended and apply cumulatively to the 30% Limitation, but only to loans granted by related parties within the meaning of Article 39-12 of the FTC and no longer to third party debts guaranteed by such related parties. In this respect, where the amount of the related party debt of a company exceeds a ratio equal to 1.5x the company's equity (*fonds propres*), the deduction of net financial expenses borne by such entity will be deductible for a portion of their amount up to the higher of (i) 30% of its tax adjusted EBITDA and (ii) € 3 million per fiscal year multiplied by a ratio equal to (A) the average amount of sums borrowed from or made available by non-related parties within the meaning of Article 39-12 of the FTC increased by 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) by (B) the average amount of all sums borrowed by or made available to the company during said year. The balance of net financial expenses will be deductible for a portion of their amount up to the higher of (i) 10% of the entity's tax adjusted EBITDA and (ii) € 1 million per fiscal year multiplied by a ratio equal to (A) the average amount of sums borrowed from or made available by related parties within the meaning of Article 39-12 of the FTC exceeding 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) by (B) the average amount of all sums borrowed by or made available to the company during said fiscal year. Nevertheless, the interest deductibility restriction provided for by these amended thin-capitalization rules is not applicable if the borrowing company is able to demonstrate that the overall debt-to-equity ratio of the accounting group (as determined under accounting consolidation rules) to which it belongs is higher than its own debt-to-equity ratio (assessed either at the beginning or at the closing date of the fiscal year).

Financial expenses that are disallowed by virtue of the application of the 30% Limitation can be carried forward indefinitely and deducted in the future under the same conditions. On the other hand, the portion disallowed as a result of the application of the 10% limitation will only be eligible for carryforward for one third of its amount. The unused interest deduction capacity of a current fiscal year might also be used over the following five tax years, but only against financial expenses incurred in those fiscal years, it being noted that this measure is not available to thinly capitalized entities. Specific rules apply to companies that belong to French tax-consolidated groups.

In addition, the new anti-hybrid limitation resulting from the ATAD 2 has been implemented into French tax law by the French Finance Law for 2020 under Articles 205 B, 205 C and 205 D of the FTC and, in counterpart, the existing French anti-hybrid rules, as set forth in Article 212-I-b of the FTC, have been repealed. The relevant mismatches are those arising, *inter alia,* from (i) hybrid instruments and entities (including permanent establishments), (ii) reverse hybrid entities and (iii) situations of dual residency. Such new provisions are applicable as from January 1, 2020, it being noted that the application of provisions relating to reverse hybrid entities (Article 205 C of the FTC) are deferred to January 1, 2022.

Articles 205 B *et seq.* of the FTC implementing ATAD 2 provide limitations on interest deductions in the event of (i) a deduction of a payment at the level of a paying entity without a corresponding inclusion of such payment in the taxable income of the receiving entity (referred to as a "*deduction without inclusion*") or (ii) a deduction of the same payment, operational expenses or losses in the taxable income of both the paying and receiving entity (referred to as a "*double deduction*"). Such limitations only apply to payments taking place between "associated enterprises," except for the so-called "structured arrangements" (*i.e.,* an arrangement pricing the relevant mismatch or an arrangement designed to produce the mismatch, subject to certain conditions). If the hybrid mismatch results in a deduction without inclusion, the deduction from taxable income will generally be denied to the French paying entity. Alternatively, the payment to a French receiving entity will be included in its taxable income if deduction is not denied in the jurisdiction of the paying entity. If the hybrid mismatch results in a double deduction, the deduction will either be denied at the level of the receiving entity or at the level of the paying entity. The new provisions also cover reverse hybrid entities, referring to situations where an entity is deemed to be tax transparent in its country of establishment but the jurisdiction of its "associated enterprises" holding directly or indirectly an aggregate of more than 50% of the voting rights, capital interests or rights to share profit, qualify the entity as non-transparent. In this situation, the entity would be treated as taxable in its jurisdiction of establishment (either at the level of the entity or at the level of its shareholders or partners).

The above-mentioned tax rules, as well as generally applicable tax principles, may limit our ability to deduct interest accrued on our indebtedness incurred in France and, as a consequence, may increase our tax burden, which could adversely affect our business, financial condition and results of operations and reduce the cash flow available to service our indebtedness.

We are exposed to interest rate risks, and such rates may adversely affect our debt service obligations.

A substantial portion of our debt bears interest at a variable rate, and we will be exposed to the risk of fluctuations in interest rates, which are based on EURIBOR, LIBOR or other benchmark rates, plus an applicable margin. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. The portion of our debt bearing interest at a variable rate may further increase in the future, including as a result of our decision to enter into market instruments such as interest rate swaps.

Following allegations of manipulation of LIBOR, several regulators and law enforcement agencies of EU Member States, as well as the European Union itself, are conducting investigations into whether banks that contribute data in connection with the calculation of daily LIBOR or EURIBOR may have been manipulating or attempting to manipulate LIBOR or EURIBOR. Actions by EURIBOR-EBF (the association that sets the regulatory framework for the calculation of EURIBOR), other regulators or law enforcement agencies could result in changes to the manner in which LIBOR or EURIBOR is determined. Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported LIBOR or EURIBOR, which could have an adverse impact on our ability to service debt on drawings under our existing and future indebtedness that bears interest at floating rates of interest.

Furthermore, it is unclear if LIBOR will cease to exist in the future or if new methods of calculating LIBOR will evolve. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, interest rates on our existing and future indebtedness may increase and we may need to renegotiate certain of our indebtedness to replace LIBOR with a new standard. In addition, the issues that may lead to the discontinuation or unavailability of LIBOR may make one or more of the alternative methods impossible or impracticable to determine. Further, there can be no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates or borrowing costs to borrowers, any of which could have a material adverse effect on our liquidity, results of operations or financial condition.

We may not be able to raise the funds necessary to finance a change of control offer required by the Indenture and, if this occurs, we would be in default under the Indenture.

Under the terms of the Indenture, upon the occurrence of certain events constituting a "Change of Control" as defined in the Indenture, we will be required to offer to repurchase the Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase. In addition, upon the occurrence of a change of control as defined under our various financings, including the Existing Syndicated Credit Facilities, the Existing EMTN Bonds, the Term Loan B Facility Agreement, the Revolving Credit Facility Agreement and the Senior Secured Notes Indenture, we may be obligated to prepay all or a portion of the amounts outstanding thereunder. It is possible that we may not have sufficient funds at the time of a change of control to repurchase any or all of the Notes, or the restrictions under our then-existing contractual obligations may not allow us to make such required repurchases. Our failure to repurchase any or all of the Notes, as applicable, would be an event of default under the Indenture, and would cause a cross-default under our other financings.

Except as described under "*Description of the Notes*", the Indenture governing the Notes will not contain provisions that would require us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction. The change of control provisions contained in the Indenture governing the Notes may not protect you in the event of highly leveraged transactions and other important corporate events, including reorganizations, restructurings or mergers that may adversely affect you, because these transactions may not involve a change in voting power or beneficial interest of the magnitude required to trigger the change of control provisions or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. In addition, the Indenture expressly permits certain third parties to obtain control of the Issuer without any obligation to make a change of control offer if such third parties are one or more "Permitted Holders" or a "Successor Parent" as defined in the Indenture. For instance, if Rallye S.A., the Issuer's controlling shareholder on the Issue Date, were to have, directly or indirectly, a new controlling shareholder, such event would not constitute a "Change of Control" under the Indenture as that new controlling shareholder would be considered a "Permitted Holder". By contrast, if secured creditors of Rallye S.A. were to take control of the portion of the Issuer's shares that Rallye S.A. has pledged to them, and such creditors are deemed to be a "group" for purposes of the applicable U.S. securities laws, such enforcement may constitute a "Change of Control" under the Indenture if they would hold more than 50% of the voting rights in the Issuer.

Furthermore, the definition of "Change of Control" under the Indenture will include a disposition to any person of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Investors' effective yield on the Notes may be diminished by the tax impact on that investor of its investment in the Notes.

Payments of interest on the Notes, or profits realized by holders of the Notes upon the sale, redemption or repayment of the Notes, may be subject to taxation in the holder's home jurisdiction or in other jurisdictions in which it is required to pay taxes. Certain French tax matters relating to an investment in the Notes are summarized under "*Certain Tax Considerations*", however, that section does not contain a comprehensive description of the tax impact of an investment in the Notes and the tax impact on any particular holder of the Notes may differ from the impact described in that section. Prospective investors are urged to contact their tax advisors for advice on the tax impact of an investment in the Notes.

Transactions in the Notes could be subject to the European financial transaction tax, if adopted.

On February 14, 2013, the European Commission published a proposal for a Directive for a common financial transaction tax (the "**EU FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain (together, except for Estonia, the "**Participating Member States**") and which, if enacted and implemented by France, would replace the French financial transaction tax (the "**French FTT**"). Following the ECOFIN Council meeting of December 8, 2015, Estonia officially announced its withdrawal from the negotiations and, on March 16, 2016, completed the formalities required to leave the enhanced cooperation on an EU FTT.

The EU FTT could, if introduced in its current draft form, apply, under certain circumstances, to some transactions involving the Notes and to persons both established within and outside the Participating Member States. On October 10, 2016, the European Commission was tasked with the drafting of the legislation that will be submitted to the Participating Member States. However, and despite several attempts, no agreement has been found between the Participating Member States so far.

At the ECOFIN Council meeting of June 14, 2019, a state of play of the work on the EU FTT reported a consensus among the Participating Member States to continue negotiations on the basis of a joint French-German proposal based on the French financial transactions tax model at a minimum rate of 0.2% which in principle would only concern acquisition of shares of listed companies whose market capitalization exceeds EUR 1 billion on December 1 of the preceding year and whose head office is in a Member State of the European Union. However, such proposal is still subject to changes until a final approval. In a report to the European Council on tax issues on December 9, 2019, the ECOFIN Council further reminded that should an informal agreement among Participating Member States be reached, it would only be a preliminary step in the legislative process in view of the adoption of a directive and any future formal agreement should be preceded by an inclusive and substantial debate among all Member States. In addition, the European Commission has published its work program for 2020, which indicates that the EU FTT should receive priority attention this year. More recently, the European Parliament and the Council of the European Union reached a political agreement on November 10, 2020 relating to the € 1.8 trillion package to help build greener, more digital and more resilient Europe based on the European Commission proposal from May 27, 2020. In the context of this agreement, a roadmap has been draft and plans the creation of new resources, including the EU FTT, to be proposed by the European Commission to finance such package. The European Commission will work to make relevant proposals by June 2024. However, no final agreement has been reached yet.

The EU FTT proposal remains subject to negotiation between the Participating Member States, the scope of such tax being therefore uncertain. The timing of its implementation remains also unclear. Additional EU member states may decide to participate and certain of the Participating Member States may decide to withdraw.

If the proposed directive or any similar taxes are adopted, such taxes could increase the transaction costs associated with the purchases and sales of the Notes and could reduce liquidity in the market for the Notes, provided that the scope of application of the most recent proposal of EU FTT is extended in the future as it currently only targets acquisitions of shares in listed companies. Prospective holders of the Notes are advised to seek their own professional advice in relation to the consequences of an EU FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes have not been registered under the Securities Act or the securities laws of any jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes within the United States and other countries comply with applicable securities laws. We have not agreed to or otherwise undertaken to register the Notes, and have no intention to do so.

The Notes are initially held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until Notes in definitive registered form, or Definitive Registered Notes (as defined in "*Description of the Notes*"), are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of such Notes. The nominee of the common depositary for Euroclear and Clearstream will be the sole holder of the global notes representing the Notes. After payment by the Paying Agent to Euroclear and Clearstream, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream, as applicable, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights of a holder under the Indenture. See "*Book-Entry, Delivery and Form*".

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any request actions on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until Definitive Registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear or Clearstream. The Issuer cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*".

You may face currency exchange risks by investing in the Notes.

The Notes are denominated and payable in euro. If you measure your investment returns by reference to a currency other than the currency in which the Notes are denominated, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency you use to measure your investment returns, caused by economic, political and other factors which affect exchange rates and over which we have no control. Depreciation of the euro against the currency by reference to which you measure your investment returns would cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the Notes.

If the Notes are redeemed early, an investor may not be able to reinvest such proceeds in a comparable security.

In the event that the Notes are redeemed early in accordance with "*Description of the Notes—Optional Redemption*", and depending on prevailing market conditions at the time, an investor who receives proceeds due to such an early redemption may not be able to reinvest such proceeds in a comparable security at an effective interest rate as high as that carried by the Notes.

There may not be an active trading market for the Notes, in which case your ability to sell your Notes may be limited.

There is no existing market for the Notes. We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

The Initial Purchasers of the Notes have informed us that they intend to make a market in the Notes after completing this Offering. However, the Initial Purchasers are not obligated to make a market in the Notes and may cease market-making at any time. Further, such market-making activity will be subject to limitations imposed by the Securities Act and other applicable laws and regulations. In addition, changes in the overall market for high-yield securities and changes in our financial performance or in the markets where we operate may adversely affect the liquidity of the trading market in these Notes and the market price quoted for these Notes. As a result, we cannot assure you that an active trading market will actually develop for these Notes.

Historically, the markets for non-investment grade debt such as the Notes have been subject to disruptions that have caused substantial volatility in their prices. Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The market, if any, for the Notes may be subject to similar disruptions. Furthermore, the Issuer's stock has been the subject of speculative attacks, which has led to serious volatility in its trading price. Such speculation and volatility may continue in the future. Any such activity may impact the market's view of our outstanding capital markets debt, including the Notes, which could have a negative impact on the liquidity in the market for the Notes or on their rating. Any disruptions may have an adverse effect on the holders of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

USE OF PROCEEDS

We expect to receive gross proceeds from the Offering of €400 million.

We intend to use the gross proceeds from the Offering, along with the proceeds raised in connection with the incurrence of indebtedness under the Incremental Term Loan B for a principal amount of €225 million and cash on hand from the Leader Price Disposal and from the Segregated Account, to (i) repay, through a tender offer launched on December 14, 2020, a portion of our Existing EMTN Bonds and (ii) pay the fees and expenses related to the Refinancing.

The estimated sources and uses of funds related to the Refinancing are shown in the table below. Actual amounts may vary from estimated amounts depending on several factors, including the results of the tender offers, the actual date on which the Issue Date occurs and the commissions, fees and expenses incurred in connection with the Refinancing. The table below should be read in conjunction with "*Capitalization*".

Sources of Funds	**Amount**	**Uses of Funds**	**Amount**
	(€ millions)		*(€ millions)*
Notes offered hereby [1]	400	Tender offers on Existing EMTN Bonds [4]	1,353
Incremental Term Loan B [2]	225		
Cash on hand from the Leader Price Disposal and the Segregated Account [3]	735	Estimated fees and expenses [5]	7
Total sources	**1,360**	**Total uses**	**1,360**

(1) Represents gross proceeds from the Offering in an amount of €400 million.

(2) Represents proceeds from the Incremental Term Loan B, before taking into account any original issue discount.

(3) Represents €648 million of cash on hand from the Leader Price Disposal, which closed on November 30, 2020, and €87 million from the Segregated Account. See "*Summary—Recent Developments—Leader Price Disposal*".

(4) We intend to use approximately €1,353 million, comprising (i) the proceeds from the Incremental Term Loan B and the Offering and (ii) cash on hand from the Leader Price Disposal and from the Segregated Account, to repay, through a tender offer launched on December 14, 2020, a portion of our 2021 EMTN Bonds, 2022 EMTN Bonds, 2023 EMTN Bonds, 2024 EMTN Bonds and 2025 EMTN Bonds. Results of tender offers are uncertain in nature. See "*Capitalization*". Any proceeds from the Offering and drawings under the Incremental Term Loan B that are potentially not used in the tender offers will be credited to the Segregated Account and applied to the repayment of debt in future transactions.

(5) Represents our estimate of commissions, fees and expenses in connection with or otherwise related to the Refinancing, including the Offering, and the application of the proceeds therefrom, including underwriting fees and commissions, other financing fees, professional and legal fees, financial advisory fees and other transaction costs. Actual fees and expenses may differ.

CAPITALIZATION

The following table presents the cash position and capitalization of (i) our France Retail and E-commerce segments, (ii) our Latam Retail segment and (iii) the consolidated Group, in each case, before the impact of IFRS 5 and presented (A) on an historical actual basis as of September 30, 2020 and (B) as adjusted for the Transactions and the application of the gross proceeds from the Refinancing in the manner described under "*Use of Proceeds*", as if such events had occurred on September 30, 2020.

The "as adjusted" figures do not represent the figures that we would have recorded had the Transactions occurred on a date other than September 30, 2020, nor are they indicative of our future financial condition.

Our net debt position fluctuates quarter to quarter, mainly as a result of the regular seasonality of our working capital requirements. See "*Management Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results*". In particular, the "as adjusted" debt figures in the table below do not reflect changes in drawings on committed revolving lines (including the Revolving Credit Facility and the Other Existing Syndicated Credit Facilities), commercial paper amounts, overdrafts and lease liabilities since September 30, 2020. Similarly, the "as adjusted" cash figure in the table below does not take into consideration the impact on cash of certain amounts raised in connection with such seasonal working capital drawings since September 30, 2020 or changes in cash due to operating requirements.

You should read this table in conjunction with "*Use of Proceeds*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Selected Historical Financial Data*" and the Issuer's consolidated financial statements and the notes thereto included elsewhere in this Listing Prospectus.

	As of September 30, 2020			
	Actual	Adjustments for November 2020 Tender Offer, Buybacks and Leader Price Disposal [(1)]	Refinancing Adjustments [(2)]	As adjusted for the Transactions
	(in millions of euros)			
FRANCE RETAIL AND E-COMMERCE SEGMENTS:				
Cash and cash equivalents [(3)]	646	(346) [(4)]	—	300
Cash and cash equivalents in Segregated Account and proceeds from Leader Price Disposal [(5)]	114	621 [(6)]	(735) [(7)]	—
Revolving Credit Facility[(8)(9)]	—	—	—	—
Term Loan B Facility [(10)]	1,000	—	225	1,225
Senior Secured Notes [(11)]	800	—	—	800
Other Existing Syndicated Credit Facilities [(9)(11)]	—	—	—	—
Total France Retail/E-commerce Adjusted Secured Gross Debt [(12)]	**1,686**	**(621)**	**960**	**2,025**
Total France Retail/E-commerce Adjusted Secured Net Debt [(13)]	**1,040**	**(275)**	**960**	**1,725**
Existing EMTN Bonds: [(14)]				
2021 EMTN Bonds, 2022 EMTN Bonds, and 2023 EMTN Bonds, 2024 EMTN Bonds and 2025 EMTN Bonds	2,954	(418)[(15)]	(1,353)[(15)]	1,183
2026 EMTN Bonds	508	—	—	508
Total Existing EMTN Bonds	3,462	(418)	(1,353)	1,691
Notes offered hereby [(10)]	—	—	400	400
Commercial paper	335	—	—	335
Segisor Credit Facility	188	—	—	188
Other debt and financial assets [(16)]	303	45[(17)]	—	348
Total France Retail/E-commerce Adjusted Gross Debt [(18)]	**5,974**	**(994)**	**7**	**4,986**
Total France Retail/E-commerce Adjusted Net Debt [(19)]	**5,328**	**(648)**	**7**	**4,687**
LATAM RETAIL SEGMENT:				
Cash and cash equivalents	1,094	—	—	1,094
Financial Indebtedness and financial assets	2,535	—	—	2,535
Total Latam Retail Adjusted Gross Debt [(20)]	**2,535**	**—**	**—**	**2,535**
Total Latam Retail Adjusted Net Debt [(21)]	**1,441**	**—**	**—**	**1,441**
GROUP:				
Total Group Adjusted Gross Debt	**8,509**	**(994)**	**6**	**7,521**
Total Group Adjusted Net Debt	**6,768**	**(648)**	**6**	**6,127**

(1) Represents the impact of (a) the repurchase and cancellation of certain of the Existing EMTN Bonds both directly through periodic at the market purchases and the November 2020 Tender Offer and (b) the Leader Price Disposal.

(2) Represents the impact of the Refinancing.

(3) The "as adjusted" cash figures in the table above do not take into consideration the impact on cash of certain seasonal working capital related drawings under our Revolving Credit Facility or Other Existing Syndicated Credit Facilities since September 30, 2020.

(4) Adjustments of cash and cash equivalents reflect a cash outflow of €346 million related the repurchase and cancellation of certain of the Existing EMTN Bonds through open market purchases and the November 2020 Tender Offer.

(5) Represents the proceeds from the Leader Price Disposal, which closed on November 30, 2020, as well as proceeds from certain asset disposals held in the Segregated Account.

(6) Reflects a cash inflow of €648 million to our France Retail and E-commerce segments from the proceeds from the Leader Price Disposal and a cash outflow of €27 million related to repurchases of the Existing EMTN Bonds.

(7) Reflects a cash outflow resulting from the use of proceeds as part of the Refinancing. See "*Use of Proceeds*".

(8) A maximum of €2.0 billion may be drawn at any time under the Revolving Credit Facility. For a description of the Revolving Credit Facility, see "*Description of Certain Financing Arrangements—Revolving Credit Facility*".

(9) The "as adjusted" amounts do not take into consideration the impact of certain seasonal working capital related drawings under the Revolving Credit Facility and the Other Existing Syndicated Credit Facilities.

(10) Represents principal amounts.

(11) Includes the Casino 2014 Existing Credit Facility maturing in February 2021, under which a maximum of €198 million may be drawn at any time, the Casino 2017 Existing Syndicated Credit Facility maturing in July 2022, under which a maximum of $25 million may be drawn at any time, and the Monoprix Existing Syndicated Credit Facility, under which a maximum of €111 million may be drawn at any time. For a description of these facilities, see "*Description of Certain Financing Arrangements—Casino Existing Syndicated Credit Facilities*" and "*Description of Certain Financing Arrangements—Monoprix Existing Syndicated Credit Facilities*".

(12) Represents secured gross debt of our France Retail and E-Commerce segments, as such segments are defined in accordance with the provisions of the Term Loan B Facility Agreement and the Senior Secured Notes Indenture.

(13) Represents secured net debt of our France Retail and E-Commerce segments, as such segments are defined in accordance with the provisions of the Term Loan B Facility Agreement and the Senior Secured Notes Indenture.

(14) We have from time to time issued unsecured bonds within our EMTN program. See "*Description of Certain Financing Arrangements—Existing EMTN Bonds*".

(15) Since September 30, 2020, we have repurchased certain of the Existing EMTN Bonds both directly through market repurchases and the November 2020 Tender Offer. In addition, we intend to use approximately €1,353 million, comprising the proceeds from the Incremental Term Loan B, the Offering and cash on hand from the Leader Price Disposal and from the Segregated Account, to repay, through a tender offer launched on December 14, 2020, a portion of our 2021 EMTN Bonds, 2022 EMTN Bonds, 2023 EMTN Bonds, 2024 EMTN Bonds and 2025 EMTN Bonds. Results of tender offers are uncertain in nature. Any proceeds from the Offering and drawings under the Incremental Term Loan B that are potentially not used in the tender offers will be credited to the Segregated Account and applied to the repayment of debt in future transactions.

(16) Represents primarily (i) accrued interest, (ii) liability related to the Mercialys total return swap entered into by the Group in July 2018, (iii) other bank loans, including the PGE Loans, (iv) the fair value of interest rate swaps and interest rate options entered into by the Group to hedge its interest exposure on indebtedness, and (v) other financial assets, including the Existing EMTN Bonds held by the Issuer as of September 30, 2020 which were not yet cancelled and financial assets arising from disposals of non-current assets (excluding the Segregated Account).

(17) Reflects the reduction in Existing EMTN Bonds held by the Issuer as of September 30, 2020, which were subsequently cancelled.

(18) Represents gross debt of our France Retail and E-Commerce segments, as such segments are defined in accordance with the provisions of the Term Loan B Facility Agreement and the Senior Secured Notes Indenture.

(19) Represents net debt of our France Retail and E-Commerce segments, as such segments are defined in accordance with the provisions of the Term Loan B Facility Agreement and the Senior Secured Notes Indenture.

(20) Represents gross debt of our Latam Retail segment, as such segment is defined in accordance with the provisions of the Term Loan B Facility Agreement and the Senior Secured Notes Indenture. Includes amounts partially drawn on confirmed Grupo Éxito credit lines, including a line maturing in January 2021 under which a maximum of €22 million may be drawn at any time and a line maturing in August 2022 under which a maximum of €131 million may be drawn at any time.

(21) Represents net debt of our Latam Retail segment, as such segment is defined in accordance with the provisions of the Term Loan B Facility Agreement and the Senior Secured Notes Indenture.

SELECTED HISTORICAL FINANCIAL DATA

The selected financial information presented below is taken from the Issuer's audited consolidated financial statements for the years ended December 31, 2017, 2018 and 2019, prepared in accordance with IFRS and the Issuer's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2020 prepared in accordance with IAS 34, the IFRS standard adopted by the EU for interim financial information, a free translation of which, in each case, is included elsewhere in this Listing Prospectus.

The Issuer's audited consolidated financial statements for the years ended December 31, 2017, 2018 and 2019 were subject to an audit by Ernst & Young et Autres and Deloitte & Associés, the Issuer's statutory auditors for those years. The Issuer's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2020 were subject to a limited review by Ernst & Young et Autres and Deloitte & Associés, the Issuer's statutory auditors for such period.

During the periods under review in this Listing Prospectus, we have adopted certain accounting standards that may have an impact on the comparability of the financial information presented herein. As a result, our financial statements may not be directly comparable between periods. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Accounting Methods*" and "*Presentation of Financial and Other Information*".

In connection with our adoption of IFRS 15, we changed the presentation of the income statement appearing in our consolidated financial statements beginning with our consolidated financial statements as of and for the year ended December 31, 2018, with a restated presentation of the comparative information as of and for the year ended December 31, 2017. We did not, however, republish our consolidated financial statements as of and for the year December 31, 2017 (which include a presentation of comparative information as of and for the year ended December 31, 2016). To facilitate the review of these periods and present our financial information in a comparable manner, where we present income statement information for the year ended December 31, 2017 alongside income statement information for the ended December 31, 2018, we present such income statement information for the year ended December 31, 2017 restated for IFRS 15.

We restated our previously published consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows as of and for the year ended December 31, 2018 in our audited consolidated financial statements as of and for the year ended December 31, 2019. This restatement was primarily to reflect the retrospective application of IFRS 16 – Leases, the classification of Leader Price within discontinued operations in accordance with IFRS 5, the finalization of the purchase price allocation for Sarenza, and a change in the method of presenting costs to obtain contracts. See Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

We restated our previously published consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows as of and for the year ended December 31, 2017 in our audited consolidated financial statements as of and for the year ended December 31, 2018. This restatement was primarily to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers. See Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2018.

We also restated our previously published consolidated income statement and consolidated statement of cash flows for the six months ended June 30, 2019 in our consolidated financial statements as of and for the six months ended June 30, 2020. This restatement was primarily to reflect the classification of Leader Price within discontinued operations in accordance with IFRS 5, a change in the method of presenting costs to obtain contracts and the definitive impacts of retrospectively applying IFRS 16 – Leases, recalculated once the Group's software was in place. See Note 1.3 to our unaudited consolidated financial statements as of and for the six months ended June 30, 2020.

To facilitate the review of these periods and present our financial information in a comparable manner:

- where we present income statement information for the year ended December 31, 2018 alongside income statement information for the ended December 31, 2019, we present such restated income statement information for the year ended December 31, 2018 as it appears in our consolidated financial statements as of and for the year ended December 31, 2019;
- where we present income statement information for the year ended December 31, 2018 alongside income statement information for the year ended December 31, 2017, we present such income statement information for the year ended December 31, 2018 as it appears in our consolidated financial statements as of and for the year ended December 31, 2018;

- where we present income statement information for the year ended December 31, 2017, we present such income statement information on a restated basis as it appears in our consolidated financial statements as of and for the year ended December 31, 2018;

- where we present balance sheet information as of December 31, 2017 and 2018, we present such balance sheet information on a restated basis as it appears in our consolidated financial statements as of and for the years ended December 31, 2018 and 2019, respectively; and

- where we present income statement information for the six months ended June 30, 2019, we present such income statement information on a restated basis as it appears in our consolidated financial statements as of and for the six months ended June 30, 2020.

We have applied the IFRS 16 standard from its mandatory adoption date of January 1, 2019. In the preparation of our financial statements as of and for the year ended December 31, 2019, we applied the full retrospective transition approach and have restated all comparative information as of and for the year ended December 31, 2018 in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. We have not, however, systematically restated our financial statements as of and for the year ended December 31, 2018 presented in this Listing Prospectus to give effect to IFRS 16.

Selected Consolidated Income Statement Information

	For the year ended December 31,	
	2017 *(Restated)*(1)	2018
	Pre-IFRS 16	
	Audited	
	in millions of euros	
CONTINUING OPERATIONS		
Net sales	37,490	36,604
Other revenue	555	532
Total revenue	**38,045**	**37,136**
Cost of goods sold	(28,555)	(27,831)
Gross margin	**9,490**	**9,305**
Selling expenses	(6,902)	(6,679)
General and administrative expenses	(1,376)	(1,416)
Trading profit	**1,213**	**1,209**
Other operating income	185	423
Other operating expenses	(666)	(798)
Operating profit	**732**	**834**
Income from cash and cash equivalents	81	37
Finance costs	(449)	(364)
Net finance costs	**(367)**	**(327)**
Other financial income	161	122
Other financial expenses	(239)	(260)
Profit before tax	**286**	**369**
Income tax (expense/benefit)	(48)	(204)
Share of profit of equity-accounted investees	13	17
Net profit/(loss) from continuing operations	**251**	**182**
Attributable to owners of the parent	108	(45)
Attributable to non-controlling interests	143	227
DISCONTINUED OPERATIONS		
Net profit/(loss) from discontinued operations	**47**	**(21)**
Attributable to owners of the parent	(7)	(9)
Attributable to non-controlling interests	54	(11)
CONTINUING AND DISCONTINUED OPERATIONS		
Consolidated net profit/(loss)	**298**	**161**
Attributable to owners of the parent	101	(54)
Attributable to non-controlling interests	198	215

(1) Restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers*. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2018.

	For the year ended December 31,		For the six months ended June 30,	
	2018 *(Restated)*[(1)]	2019	2019 *(Restated)*[(2)]	2020
	Post-IFRS 16			
	Audited		***Unaudited***	
	in millions of euros			
CONTINUING OPERATIONS				
Net sales	34,329	34,645	16,842	16,140
Other revenue	533	665	327	245
Total revenue	**34,862**	**35,310**	**17,169**	**16,385**
Cost of goods sold	(25,899)	(26,547)	(12,914)	(12,403)
Gross margin	**8,963**	**8,764**	**4,255**	**3,981**
Selling expenses	(6,244)	(6,100)	(3,105)	(2,939)
General and administrative expenses	(1,355)	(1,371)	(695)	(656)
Trading profit	**1,364**	**1,292**	**455**	**386**
Other operating income	350	61	50	223
Other operating expenses	(751)	(779)	(336)	(472)
Operating profit	**962**	**574**	**169**	**137**
Income from cash and cash equivalents	37	39	11	9
Finance costs	(356)	(396)	(166)	(197)
Net finance costs	**(320)**	**(356)**	**(156)**	**(188)**
Other financial income	122	265	105	87
Other financial expenses	(478)	(659)	(243)	(350)
Profit before tax	286	(176)	**(125)**	**(314)**
Income tax (expense/benefit)	**(188)**	**(137)**	(24)	12
Share of profit of equity-accounted investees	60	46	22	15
Net profit/(loss) from continuing operations	**159**	**(268)**	**(127)**	**(287)**
Attributable to owners of the parent	(60)	(384)	(172)	(334)
Attributable to non-controlling interests	218	116	45	47
DISCONTINUED OPERATIONS				
Net profit/(loss) from discontinued operations	**(32)**	**(1,054)**	**(98)**	**(158)**
Attributable to owners of the parent	(57)	(1,048)	(110)	(162)
Attributable to non-controlling interests	25	(6)	12	4
CONTINUING AND DISCONTINUED OPERATIONS				
Consolidated net profit/(loss)	**127**	**(1,322)**	**(226)**	**(445)**
Attributable to owners of the parent	(117)	(1,432)	(282)	(496)
Attributable to non-controlling interests	244	110	57	52

(1) Restated to reflect mainly (a) the retrospective application of IFRS 16 – *Leases*, (b) the change in the method of presenting costs to obtain contracts, (c) the finalization of the purchase price allocation for Sarenza and (d) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "Presentation of Financial and Other Information" and Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

(2) Restated to reflect mainly (a) the definitive impacts of the retrospective application of IFRS 16 – *Leases*, recalculated once the Group's lease management software was in place, (b) the change in the method of presenting costs to obtain contracts and (c) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "Presentation of Financial and Other Information" and Note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

Selected Consolidated Statement of Financial Position Information

	As of December 31,			As of June 30,
	2017 *(Restated)*[(1)]	2018 *(Restated)*[(2)]	2019	2020
	Pre-IFRS 16	*Post-IFRS 16*		
		Audited		*Unaudited*
	in millions of euros			
Goodwill	9,031	8,682	7,489	6,746
Intangible assets	2,879	2,265	2,296	2,046
Property, plant and equipment	7,289	5,843	5,113	4,271
Investment property	460	497	493	443
Right-of-use assets	-	4,592	4,837	4,387
Investments in equity-accounted investees	575	500	341	205
Other non-current assets	1,199	1,151	1,183	1,010
Deferred tax assets	522	667	772	853
Total non-current assets	**21,955**	**24,197**	**22,524**	**19,960**
Inventories	3,815	3,834	3,775	3,371
Trade receivables	937	905	836	807
Other current assets	1,287	1,383	1,536	1,665
Current tax assets	138	165	111	131
Cash and cash equivalents	3,391	3,730	3,572	2,207
Assets held for sale	6,593	8,433	2,491	2,448
Total current assets	**16,161**	**18,450**	**12,320**	**10,630**
Total assets	**38,116**	**42,647**	**34,844**	**30,590**
Share capital	170	168	166	166
Additional paid-in capital, treasury shares, retained earnings and consolidated net profit/(loss)	7,385	6,333	4,602	3,580
Equity attributable to owners of the parent	**7,555**	**6,501**	**4,767**	**3,746**
Non-controlling interests	**5,468**	**5,208**	**3,523**	**2,881**
Total equity	**13,023**	**11,709**	**8,291**	**6,627**
Non-current provisions for employee benefits	358	366	357	337
Other non-current provisions	514	481	458	322
Non-current financial liabilities	7,229	6,782	8,100	7,326
Non-current lease liabilities	-	3,560	3,937	3,627
Non-current put options granted to owners of non-controlling interests	28	63	61	62
Other non-current liabilities	489	464	181	165
Deferred tax liabilities	725	667	566	459
Total non-current liabilities	**9,343**	**12,384**	**13,661**	**12,298**
Current provisions for employee benefits	11	11	11	11
Other current provisions	162	160	153	181
Trade payables	6,664	6,668	6,580	5,090
Current financial liabilities	1,493	2,199	1,549	1,752
Current lease liabilities	-	677	740	678
Current put options granted to owners of non-controlling interests	143	126	105	119
Current tax liabilities	88	124	48	84
Other current liabilities	2,509	2,613	2,839	2,823
Liabilities associated with assets held for sale	4,680	5,977	867	928
Total current liabilities	**15,750**	**18,554**	**12,892**	**11,664**
Total equity and liabilities	**38,116**	**42,647**	**34,844**	**30,590**

(1) Restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers*. See "*Presentation of Financial* and Other Information" and Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2018.

(2) Restated to reflect mainly (a) the retrospective application of IFRS 16 – *Leases*, (b) the change in the method of presenting costs to obtain contracts, (c) finalization of the purchase price allocation for Sarenza and (d) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "Presentation of Financial and Other Information" and Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

Selected Consolidated Statement of Cash Flows Information

	For the year ended December 31,			For the six months ended June 30,	
	2017	2018 *(Restated)*[(1)]	2019	2019 *(Restated)*[(2)]	2020
	Pre-IFRS 16	***Post-IFRS 16***			
		Audited		***Unaudited***	
	(in millions of euros)				
Net cash from/(used in) operating activities	1,506	2,601	1,120	(922)	60
Net cash from/(used in) investing activities	(1,202)	(99)	(32)	503	(375)
Net cash used from/(used in) financing activities	(2,473)	(1,796)	(2,088)	(1030)	(667)

(1) Restated to reflect mainly (a) the retrospective application of IFRS 16 – *Leases,* (b) the change in the method of presenting costs to obtain contracts, (c) finalization of the purchase price allocation for Sarenza and (d) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

(2) Restated to reflect mainly (a) the definitive impacts of the retrospective application of IFRS 16 – *Leases*, recalculated once the Group's lease management software was in place, (b) the change in the method of presenting costs to obtain contracts and (c) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "*Presentation of Financial and Other Information*" and Note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). This discussion includes forward-looking statements that, although based on assumptions we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied herein. See "Forward-Looking Statements" and "Risk Factors" for a discussion of the risks, uncertainties and assumptions associated with these statements.

Overview

We are a leading major multi-format, multi-banner and multi-channel retailer with over 120 years of history, offering a diverse range of products and services to customers primarily located in France and, through our interest in GPA, in Latin America. We offer both brand-name and private label food and consumer products through traditional retail stores as well as e-commerce food and non-food websites and apps. We also provide business-to-business and business-to-consumer services through our portfolio of complementary lines of business.

Our retail banners operate under formats which aim to adapt to current consumer trends and needs across the various geographies in which we operate. Our premium retail format offers many innovative services and a high-quality shopping experience. Our convenience retail format is adapted to both city centers and rural areas, offering everyday basics to meet the expectations of customers searching for quality, authenticity and service. Our hypermarket and cash & carry and discount retail formats offer a wide range of quality products at affordable prices. We believe most of our banners enjoy leading market positions in most of our markets.

We have a strong focus on innovation and have developed an omni-channel offering that we believe has favorably positioned us to respond to evolving consumer trends. We have developed partnerships with leading innovators such as Amazon (their first and only partnership in France to date) and Ocado in order to provide best-in-class digital offer and grocery delivery services in France. We also offer customers in France hundreds of stores with autonomous solutions that provide a convenient and seamless retail experience, allowing customers to shop in the evening or on Sunday without the need to go through a physical checkout. Our pure-play e-commerce platform, Cdiscount, is the second largest non-food e-tailer in France by number of unique monthly visitors ("**UMV**"), and has allowed us to offer a range of adjacent business-to-consumer and business-to-business services. In France, Brazil and Colombia, our brick-and-mortar retail banners benefit from mobile applications and other e-commerce functionality that allow us to provide targeted promotions to our customers and give our customers the flexibility to shop how they want, when they want.

We have developed a number of other complementary lines of business that allow us to leverage our know-how while monetizing our asset base. Through our subsidiary, GreenYellow, we have become a leader in photovoltaic energy and energy efficiency with a diverse customer portfolio and an ever-expanding platform of innovative energy solutions. In addition, these businesses also include real estate development and shopping center management, consumer finance and, in France specifically, digital advertising and data center solutions via relevanC and ScaleMax, respectively.

We operate primarily in France and, through our interest in GPA, in Latin America, although through Cdiscount and a number of international affiliates, we provide products and services to customers in other international markets.

We operate our business in three reporting segments:

- Our *France Retail* segment includes our French retail banners (including online sales associated with such banners, but excluding Cdiscount), our ancillary business activities in France and our Indian Ocean operations, which were sold on June 30, 2020. For the twelve months ended September 30, 2020, our France Retail segment generated €15,631 million in net sales.
- Our *E-commerce* segment consists of our Cdiscount online retail business, which we hold through our approximately 79% economic interest (as of September 30, 2020) in Cnova N.V. and which is fully consolidated in our financial statements. For the twelve months ended September 30, 2020, our E-commerce segment generated €2,011 million in net sales, and for the twelve months ended June 30, 2020, Cdiscount's GMV amounted to €4,092 million.
- Our *Latam Retail* segment includes our interests in the Latin American retail banners of GPA and Grupo Éxito. We held approximately 41% of the capital and voting rights in GPA as of September 30, 2020. GPA is fully consolidated in our financial statements based on our assessment that we have de facto control of GPA since (i) the remainder of GPA's shares are held by widely-dispersed

shareholders and (ii) a majority of GPA's board of directors are directors we have nominated. For the twelve months ended September 30, 2020, our Latam Retail segment generated €15,152 million in net sales.

Key Factors Affecting Results of Operations

General economic conditions in our geographic markets

The retail sector is particularly susceptible to swings in demand due to general economic conditions. Our results of operations are therefore affected by specific economic conditions in the markets in which we operate, as well as, to a lesser extent, global economic conditions. Such conditions include levels of employment, inflation, growth in gross domestic product, average and minimum wage levels, real disposable income, currency exchange rates, the availability of consumer credit (especially for the purchase of non-food goods), consumer confidence and consumer willingness to spend.

We generate a significant portion of our net sales from the sale of food and other non-discretionary items, demand for which is generally not as sensitive to macroeconomic conditions as demand for discretionary consumer goods. Nevertheless, economic downturns may still have an adverse impact on the sale of such items as consumers may reduce the overall amount they spend, by purchasing more entry-level products and/or shopping at stores operating under lower-cost formats, such as cash & carry or hard discount stores. Even when consumers switch to our banners operating under such formats, entry-level products and banners with a low-price positioning tend to be structurally less profitable. As a result, our profitability may be adversely impacted if the mix of formats generating our sales changes significantly as a result of economic conditions.

While our business and results of operations may be, and have in the past been, affected by adverse economic conditions in the individual markets in which we operate, we have a diversified geographic footprint in France and, through our interest in GPA, Latin America and have generally benefited in recent years from positive macroeconomic trends in the various countries in which we principally conduct business.

For example, the International Monetary Fund (the "**IMF**") ranked France the seventh-largest economy in the world and the third-largest economy in Europe in terms of gross domestic product ("**GDP**"), which amounted to €2,323 billion in 2019. The French economy grew 1.5% in real terms in each of 2018 and 2019. France's economic growth is largely driven by three regions: Ile-de-France, Rhône-Alpes and Provence-Alpes-Côte d'Azur, which, although accounting for 39% of the French population (excluding French overseas territories) in 2019, generated 49% of France's GDP in that year, according to the French National Institute of Statistics and Economic Studies (*INSEE*). Approximately 69% of our 2019 France retail net sales were generated in these three regions.

Due to the economic impact of the COVID-19 pandemic and the various lockdowns that have occurred in the spring and autumn of 2020, our markets are expected to record a contraction in GDP for the year ended December 31, 2020 and previously projected future growth rates have been revised downward as a result of lingering economic effects of the pandemic. For example, the French economy is projected to contract by 9.8% in 2020 and grow at a compound annual growth rate ("**CAGR**") of 0.5% between 2019 and 2024, according to the IMF. Latin American GDP has also been negatively affected by the COVID-19 pandemic. Although the Brazilian economy, which was the largest economy in South America in 2019, grew 1.1% in real terms in 2018 and 2019, it is projected to contract by 5.8% in 2020 and grow at a CAGR of 0.7% between 2019 and 2024, according to the IMF. The Colombian economy, which had faced a growth slowdown in recent years, but started recovering with growth of 2.5% in real terms in 2018 and 3.3% in real terms in 2019, is projected to contract by 8.2% in real terms in 2020, according to the IMF. The IMF estimates that Colombian GDP will recover at a CAGR of 1.3% between 2019 and 2024.

For a further discussion of the macroeconomic conditions in the markets in which our businesses are present and the trends affecting their growth, see "*Industry*".

The COVID-19 pandemic

As a retailer, we have been impacted by the COVID-19 pandemic and the various health protection measures that have been taken by the governments of the countries in which we operate. As an essential provider of necessary goods, our stores were largely able to continue operations throughout the periods of lockdowns experienced in our markets and we have benefited from increases in demand for certain essential goods during the period.

Moreover, through the development of our E-Commerce segment and various e-commerce channels in our other segments (such as click and collect, delivery partnerships with Amazon Prime, Ocado and others), we were able to benefit from the accelerated shift in consumer habits to online shopping that took place during the first half of 2020. We experienced significant growth in food e-commerce during the first half of 2020, thanks to this shift in consumer habits and the deployment of click and collect and home delivery solutions for banners in our urban and convenience formats. During the first half of 2020, this resulted in a strong positive impact on France Retail net sales leading to an additional €80 million margin.

This increase, however, was more than offset by temporary additional costs related to maintaining our operations under challenging conditions, particularly during the lockdowns that were imposed in certain of the countries or regions in which we operate. These costs included for France Retail:

- additional logistics costs (€27 million during the six months ended June 30, 2020), including extra transport costs, costs associated with organizational issues relating to problems with supplier deliveries and the non-application of logistics-related penalties;
- additional staff costs (€28 million during the six months ended June 30, 2020), including the hiring of extra staff, wages for working night-time hours and employer contributions for employees on sick leave or at home minding their children;
- additional health and safety costs (€38 million during the six months ended June 30, 2020), including emergency mass purchases of face masks, gloves and hand sanitizer, the purchase and installation of Plexiglas screens, reinforced store cleaning, and hiring security guards to regulate the distance between customers; and
- the payment of a special one-time employee bonus of €37 million in the first half of 2020.

This resulted in a net negative impact on trading profit related to the COVID-19 health crisis of €50 million in the first half of 2020. These costs were primarily temporary in nature. During the three months ended September 30, 2020, we recorded costs of €5 million related to the COVID-19 health crisis, and we expect these to remain at the same level during the second lockdown in France.

Competitive environment

Our results of operations are affected by the competitive pressures we face across our various business lines. We operate in extremely competitive markets, and the retail sector as a whole has recently undergone significant changes, primarily as a consequence of the increasing reach of the internet and the resulting changes in consumer purchasing behavior.

Our brick-and-mortar retail business faces competition from international and domestic brick-and-mortar retailers, generalist grocers, supermarket chains, discount retailers, specialists (including home delivery distributors) and convenience stores. In addition, our pure e-commerce platform, Cdiscount, and, to a lesser extent, our brick-and-mortar banners with e-commerce operations, also face intense competition, both from other e-commerce providers and from brick-and-mortar retailers with e-commerce operations. Retailers are increasingly introducing internet distribution platforms. Barriers to entry for e-commerce are low, and current and new competitors can launch new e-commerce platforms at a relatively low cost by using commercially available software or partnering with any of a number of successful e-commerce companies.

In certain instances, price competition can be curtailed by applicable regulation. For example, our French hypermarkets are subject to the French law of October 30, 2018, which is also known as the Égalim Law (the "**Égalim Law**"), which limits the ability of food retailers to sell certain categories of products to consumers at a loss. The Égalim Law also limits food retailers' ability to carry out promotional campaigns for food products for a trial period of two years. For a more detailed description of the Égalim Law, see "*Regulation—Restrictions on Promotions of Food Items*".

We believe we benefit from leading positions in many of our segments, which is reflected in strong market positioning in the key markets in which we operate, as described by third-party sources. For a further discussion of the market position of certain of our banners, see "*Industry*".

We monitor the competitive environment of our markets and their trends at a country and banner level in the short term, and react to such trends by adjusting our pricing and carrying out promotional or loyalty campaigns. In the medium term, we also monitor our mix of formats and banners and seek out opportunities to increase multi-channel sales. We also seek to identify and execute opportunities to grow our store network, develop new concepts and adapt our mix of formats to meet customer demand and respond to market trends. We accomplish these goals through franchise transactions, strategic acquisitions and disposals, and identifying and developing store formats and banners tailored to the different locations in which they operate.

For a further discussion of our competitive landscape, see "*Industry*".

Seasonality and comparability of results

Our net sales and cash flows are affected by seasonal variations due to consumers' shopping habits and weather conditions. As a result of these variations, comparisons of consecutive interim periods may not be a good indication of our performance, and the calendar effects we experience may bias year-on-year comparisons of interim periods.

Impact on net sales and trading profit

Across all our businesses, seasonal fluctuations have a significant impact on our trading profit, the majority of which is generated in the second half of the year, which includes such peak holiday periods as the lead-up to Christmas. For example, net sales for the six months ended June 30, 2019 represented 49% of net sales for the year ended December 31, 2019 based on the relevant average exchange rates for the six months ended June 30, 2019 (or 48% based on the relevant average exchange rates for the year ended December 31, 2019), while trading profit for the six months ended June 30, 2019 represented 35% of trading profit for the year ended December 31, 2019 based on the relevant average exchange rates for the six months ended June 30, 2019 and the relevant average exchange rates for the year ended December 31, 2019.

Impact on working capital and net debt

Food and non-food retail activity tend to significantly increase in the period leading to the holidays at the end of the year, reaching a peak in December. Ahead of such peak holiday periods, we will increase inventory to prepare for anticipated demand. In particular, Cdiscount has generated an increasing amount of net sales in connection with its annual Black Friday promotions in November (the precise date of which varies from year to year). Black Friday has also had an increasingly positive effect on non-food sales during the fourth quarter in Brazil. These seasonal influences have a direct impact on our earnings, and fluctuations in our inventory during or ahead of these peak periods can affect our working capital requirements. In addition, any store closures during peak periods, may in particular adversely affect our working capital requirements, and we may not always be able to avoid having to carry out such closures, whether they be temporary or permanent, during peak periods.

These seasonal fluctuations have an even greater impact on the cash flows generated by the Group. Our liquidity requirements fluctuate during the year and are normally at their highest in the first and third quarter of each year. At the beginning of the financial year, our cash and cash equivalents generally decrease significantly, as we then tend to make large payments to our suppliers for goods purchased to meet strong demand in the previous December, leading to significant cash outflows. During the summer, the business registers a peak in sales due to its strong exposure to touristic geographies. This trend reverses in September when the working capital is impacted by both lower sales volumes and lower payables linked to the payments of the goods bought during the summer peak.

Calendar Effects

We also experience calendar effects based on when certain holidays that are not celebrated on a fixed date fall in any given year and on changes in the number of occurrences of certain selling days of the calendar week from one period to the next. For example, we experience strong seasonality in our results for the months of March or April as a result of the Easter holiday, which may fall in either our first or our second fiscal quarter of any given year. In order to facilitate comparisons of our net sales, we present net sales in this Listing Prospectus as adjusted for calendar effects, which includes the impact of the change in the number of selling days per calendar week from one year to the next (that is, an increase or a decrease in the number of selling days in year N compared to year N-1 over a given period) and the impact of calendar differences concerning selling days that traditionally see a significant surge or drop in net sales (such as public holidays, school holidays, long weekends, major promotional campaigns, seasonal sale periods and key holidays).

When presenting organic growth and same-store growth in net sales, we exclude the impact of calendar differences from one period to the next ("**Calendar Effects**"). Such calendar differences are two-fold:

- change in days of the week ("**DOWs**"), or the change in the number of selling days per calendar week from one period to the next. For example, if in a particular month in period N-1, there were more Saturdays than in the same month in period N, sales in that month in period N would tend to be lower (all other things being equal), because, for most formats in the retail industry, greater sales are generated on a Saturday than other days of the week; and
- change in special sales days ("**SSDs**"), or the impact of calendar differences with respect to days that traditionally see a significant surge or drop in net sales. SSDs include public holidays (when stores are closed and thus record no sales), holidays and long weekends (such as Easter or Christmas where

sales tend to be higher), major promotional campaigns (such as sales to mark a banner's anniversary) and unusual events that can affect seasonality (such as the soccer World Cup).

We calculate the Calendar Effect when analyzing changes in net sales from period to period, based on daily sales for a particular month in period N, as the percentage change from such month in period N-1 to the same month in period N of the impact of difference in DOWs and SSDs. For a given month in period N and the same month in period N-1, the percentage change in net sales due to calendar effects is the sum of:

- the impact of differences in DOWs, which we calculate as (a) (i) for any particular DOW that occurs more frequently in a particular month in period N than it did in period N-1, the difference in the number of occurrences multiplied by the forecast average sales generated on such DOW (excluding SSDs) in period N *minus* (ii) for any particular DOW that occurred more frequently in a particular month in period N-1 than it does in period N, the difference in the number of occurrences multiplied by the forecast average sales generated (excluding SSDs) on such DOW in period N, *divided* by (b) total monthly sales for the month in period N-1; and
- the impact of SSDs, which we calculate as (a) (i) the sales forecast on SSDs in the month in period N in excess of what typical days are expected to generate, *minus* (ii) the sales generated on SSDs in the same month in period N-1 in excess of what typical days generated, *divided* by (b) total monthly sales for the month in period N-1.

We calculate Calendar Effects for each period in advance and therefore such effects are calculated using the forecast average sales generated on a particular DOW or SSD prepared by management, rather than historical actual figures. Such forecasts are based on a number of assumptions that are subject to inherent uncertainties subject to change, and they may differ from actual results for the relevant period. In addition, the preparation of such forecasts requires management to make judgments, estimates and assumptions that may affect the amounts presented in this Listing Prospectus that incorporate Calendar Effects.

Weather

Furthermore, adverse weather (such as heavy rains or snowfall) can deter customers from shopping in our stores, and unforeseen weather conditions (for example unseasonably cold spells in summer) could render a portion of our non-food inventory (for example fans and air-conditioning units) incompatible with such unseasonal conditions.

Sensitivity of our cost structure

Excluding purchases of goods sold, we have a largely fixed cost base in the short to medium-term, which does not fluctuate with sales volumes. Instead, our costs generally increase from period to period based on changes in the size of our network of stores and the sensitivity of certain costs to inflation. We are able to control some costs to a certain degree, such as those related to marketing and labor (via short-term and interim contracts), but must maintain sufficient sales levels to absorb the rise in our expenses in order to maintain or improve our margins. However, certain expenses, such as rental and energy costs, are, for the most part, beyond our control. Moreover, while we can adjust the size of our workforce, we are subject to laws setting minimum wages in each of the countries in which we operate, as well as restrictions in our ability to reduce our workforce in France, which further limits our operational flexibility. See "*Risk Factors—Risks related to our business and industry—Increases in labor costs and changes to wage regulations could adversely affect our business, results of operations and financial condition*" and "*Risk Factors—Risks related to our business and industry—We are vulnerable to fluctuations in the availability and price of food ingredients and packaging material, as well as to fluctuations in the price of electricity and fuel*". We actively seek to control our costs and as recently as the third quarter of 2020 launched a plan to reduce headquarters costs, which had a €30 million positive impact on SG&A in the third quarter of 2020 and which we expect to continue to have an impact in the short term.

Changes in the size of our store network, the mix of our different formats and the roll-out of new store concepts

One of the drivers of our results of operations is the size and evolution of our network of retail stores. We have historically expanded our network through targeted acquisitions of existing banners and the opening of new stores (both integrated stores owned by us and franchised stores) under banners we already own. We also regularly evaluate the performance of our stores and have sought to right-size our footprint through closures and disposals of stores.

For example, since 2018, we have been implementing a plan (the "**Rocade Plan**") pursuant to which we have undertaken a thorough review of our structurally loss-making stores in France and have been disposing and/or closing such stores. As of June 30, 2020, we had signed agreements for the disposal of integrated stores for an aggregate sales price of €276 million under the Rocade Plan, of which €220 million were completed as of such date. During the six months ended June 30, 2020, we incurred non-recurring costs of €43 million in connection with the disposals of our integrated stores.

Our results and our margins are also affected by the evolution of the mix between our integrated stores (those that we own and operate) and stores owned by franchisees in our network, as net sales from our integrated stores add leases and personnel costs to our cost structure. In addition, we generally incur initial and ongoing capital expenditures and pre-opening costs with each new integrated store, whereas, pursuant to our franchise arrangements, the cash impact on our Group for adding new franchised stores is more limited. As a result the net sales and margin impact of each new franchised store, while lower in absolute terms, tends to be higher in proportion to the investments required by us than the net sales and margin impact of each new integrated store.

We have two principal types of franchising arrangements:

- joint ventures set up between us and a master franchisee that in turn owns one or more franchised stores and pursuant to which we either fully consolidate (in the case of stores in which we own a controlling stake) or recognize our share of net income of the results of such stores (in the case of stores in which we do not own a controlling stake), which have historically represented the method by which Franprix and Leader Price stores have been franchised; and
- franchise contracts pursuant to which a franchisee pays a fee to license the rights to a banner and receives a fixed allowance from us to set up the store. Such franchisees mostly purchase products through our central purchasing agency and we recognize as net sales the amounts we receive from the franchised stores which we do not consolidate for such wholesale transactions.

As of December 31, 2019, 5,572 of the stores in our network in France were franchises (including 288 Leader Price stores), of which 4,382 were convenience stores and 119 were stores in the Indian Ocean region that were sold in connection with the sale of Vindémia in 2020.

Historically, we have franchised out a number of underperforming stores to franchisees who have experience operating stores in an attempt to improve their performance. In these cases, we have negotiated a call option in order to be able to purchase the stores back after a pre-determined period of time and/or pursuant to certain performance criteria. We also regularly pursue franchising opportunities as part of our overall asset-light financial strategy.

In addition, we are continually refining our stores' offering and the overall customer experience within our various stores through the development of new concepts. Stores that are converted to a new concept that has established itself beyond a trial phase tend to outperform other stores under the same banner that have not yet been converted.

For a summary of the evolution in the size of our network of stores during the periods under review, see "*Business—Real Estate/Properties*".

Customer financing

We believe that, as a general matter, access to credit finance encourages sales, and as a result, the financing options we are able to offer our customers have an impact on our sales and results of operations. Both Banque Casino in France and GPA and Grupo Éxito in Latin America offer customers the ability to pay for their purchases in installments through different finance options.

For example, through financial services that Banque Casino offers to consumers, such as its Coup de Pouce consumer finance loans, Cdiscount customers may pay for purchases in four installments or qualify for longer-term loans. We believe this program is a key differentiating factor for Cdiscount. During the six months ended June 30, 2020, more than 36% of Cdiscount's sales and GMV were paid for through four installment payments, with one upfront payment and three subsequent interest-bearing payments 30, 60 and 90 days after the initial payment. Under the agreement implemented in August 2015 between Cdiscount and Banque Casino, Cdiscount fully transfers the credit risk of the installments related to this program in France to Banque Casino. For the year ended December 31, 2019, the costs related to sales of receivables, including under this program, were €46 million and were recognized as part of net finance costs for the Group and thus do not have an impact on EBITDA.

Installment sales are also a common feature in Brazil. GPA has been involved in extending credit to Brazilian customers through a partnership with Itaú Unibanco Holding S.A., one of the largest privately-owned financial institutions in Brazil, called Financeira Itaú CBD S.A. Crédito, Financiamento e Investimento ("**FIC**"). FIC exclusively offers credit cards, financial services and insurance coverage at GPA's Brazilian stores. Part of GPA's strategy in Brazil is to increase the share of FIC's credit cards and financial services at its stores as an important loyalty tool and mechanism to increase sales and profitability. FIC's credit cards offer payment options for the cardholders at GPA's stores, aiming to provide them with benefits and convenience and thereby encourage them to make purchases at such stores.

GPA's Extra hypermarkets offer consumer financing incentives to its customers to purchase home appliances on an installment basis through its FIC cobranded and private label credit cards, as well as third-party credit cards. Sales on an installment basis to customers using such credit cards have accounted for an increasing amount of GPA's sales in Brazil over recent years.

In Colombia, Grupo Éxito is party to a partnership with Bancolombia to offer consumer finance and credit cards through a joint venture called Tuya. Tuya cards are the second most widely held credit cards in Colombia, and permit customers to benefit from discounts and withdraw cash advances at Éxito's stores.

Limitations in the availability of consumer credit, high interest rates on such credit or our inability to provide financial services to our customer base, including, in each case, as a result of decreased consumer access to credit in an economic downturn, could have a materially adverse impact on our results of operations.

Changes in exchange rates

As a result of our international operations, we are exposed to currency translation risks and currency transaction risks. Currency translation risks arise because we report our financial results in euro, but a significant portion of our net sales is recognized in other currencies, including the Brazilian real, the Colombian peso, the Uruguayan peso and the Argentine peso. Transaction risks arise whenever we enter into a purchase or sale transaction using a currency other than the functional currency of the transacting entity. Our Group is primarily exposed to transaction risk as a result of purchases of goods in U.S. dollars. Unfavorable changes in exchange rates could have a negative impact on our consolidated financial statements and lead to financial losses. For a discussion of our exchange rate risks, see "*—Quantitative and Qualitative Disclosures of Market Risks—Currency Risk*".

We hedge currency transaction risk on highly probable budgeted future purchases (mainly goods purchases billed in U.S. dollars) through forward contracts (or equivalent instruments) relating to the payment currency. In addition, we fully hedge currency risks on debt issuances denominated in a currency other than that of the relevant issuer, except where the debt represents a designated and documented hedge of a net investment in a foreign operation of such issuer. We use standard financial instruments such as interest rate swaps and currency forward contracts to manage our exposure to currency risks. For a further discussion of our management of currency risk, see note 11.5.2 to our audited consolidated financial statements as of and for the year ended December 31, 2019 included in this Listing Prospectus.

During the periods under review we have been impacted by hyperinflation in the Argentine peso. Beginning with our financial statements as of and for the year ended December 31, 2018, we have applied IAS 29 – Financial Reporting in Hyperinflationary Economies with limited retrospective application to address this issue in our financial statements. IAS 29 requires that the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies should be (i) restated by applying a general price index so that they are stated in terms of the measuring unit current at the end of the reporting period and (ii) converted into euros at the period-end exchange-rate.

Compliance with laws and regulations

As a large retailer of food and non-food items, we are subject to a wide of range of laws and regulations in each of the countries in which we operate, as well as the regulations of the EU, each of which can have a significant impact on the manner in which we conduct our businesses. Such laws and regulations include food health and safety regulations, the prices we can charge for the products we sell, product safety regulations and labor laws. Changes in and compliance with such laws and regulations may also entail significant costs for our Group and can have an impact on our results of operations. For a description of certain material regulations with which we must comply, see "*Regulation*".

Factors Affecting Comparability of Results

The Latam Reorganization Transactions

In 2019, we completed our plan to simplify our Latin American holding structure through a number of interrelated transactions (the "**Latam Reorganization Transactions**"). The Latam Reorganization Transactions involved the following main steps.

Tender offer for the outstanding shares of Almacenes Éxito. Sendas Distribuidora S.A. ("Sendas"), a wholly owned subsidiary of CBD, carried out an all-cash tender offer to acquire up to 100% of the outstanding shares of Almacenes Éxito at the price of COP 18,000 per share (pursuant to which CGP's wholly owned subsidiary Tevir S.A.S. ("Tevir") tendered its entire 55.3% stake in exchange for approximately €1,194 million (based on the intraday average mid-market EUR/COP exchange rate on October 28, 2019). As a result of the tender offer, approximately 97% of Almacenes Éxito is held by CBD. The acquisition was financed through cash on hand at GPA and with the proceeds from the issuance by Sendas of BRL 8.0 billion in aggregate principal amount of unsecured debentures guaranteed by CBD, with maturity dates ranging from one to four years from the date of issuance.

Acquisition of shares of Segisor held by Grupo Éxito. On August 19, 2019, we entered into a share purchase agreement with Onper Investments 2015 S.L., a wholly owned subsidiary of Almacenes Éxito ("Onper"), pursuant to which we agreed to purchase, and Onper agreed to sell, 50% of the outstanding shares in Segisor, a French holding company of CBD, at a price of BRL 113 per share, approximately €1,074 million of which was paid in cash, with the remainder of the purchase price paid through the assumption by us of Segisor's liabilities under the Segisor Credit Facility. As a result of this acquisition, we became the sole owner of Segisor. Segisor owned 37.3% of CBD's share capital, or 99.6 million shares.

Conversion of CBD preferred shares and migration to the Novo Mercado. We converted the preferred shares of CBD (which had previously been listed) into ordinary shares at an exchange ratio of 1:1 in the context of the migration of all the outstanding shares of CBD to the Novo Mercado segment of the B3 - Brasil Bolsa Balcão S.A. (formerly BM&F Bovespa) stock exchange, a segment with strict corporate governance standards.

Partial repayment of the Segisor Credit Facility. In 2019, we repaid €198 million outstanding under the Segisor Credit Facility.

As a result of the completion of the Latam Reorganization Transactions, we indirectly hold approximately 41% of CBD. We have continued fully consolidating GPA and Grupo Éxito into our consolidated financial statements following completion of the Latam Reorganization Transactions. However, neither GPA, Grupo Éxito nor their respective subsidiaries will be considered our subsidiaries for purposes of the covenants in the Indenture. Consequently, the covenants will not restrict any actions by those entities.

For a summary presentation of our corporate structure, see "Summary Corporate and Financing Structure".

Changes in Consolidation Scope

As a part of our regular review of our stores' profitability and our strategy for developing our franchising model and expanding into market segments and formats that benefit from positive market trends, we have carried out a number of acquisitions and disposals of stores and businesses. As a result of these transactions, our results of operations may not be directly comparable from one period to the next. In particular, disposals of stores will have a negative impact on net sales and, other than in the case of loss-making stores, trading profit and EBITDA, and the gain or loss realized on the sale will be recognized as, and therefore have a one-time impact on, other operating income. Sale and leaseback transactions will also have a one-time impact on other operating income, and will, during the life of the relevant leases, increase finance expense (on an as-reported basis) and selling, general and administrative expenses (on a pre-IFRS 16 basis) as a result of the rental payments due to the purchasers of the properties.

A description of the material acquisitions and disposals that we have carried out since January 1, 2017 is below:

Six months ended June 30, 2020

<u>Leader Price Disposal</u>

On March 20, 2020, we announced that we had signed a unilateral purchase agreement with Aldi France to sell 567 Leader Price stores and three warehouses for an enterprise value of €735 million (including a €35 million earn-out). On November 30, 2020, we announced the closing of the deal with the sale of 545 Leader Price stores, two Casino Supermarkets and three warehouses (the "**Leader Price Disposal**") for an enterprise value of €717 million (including a €35 million earn-out). After taking into account €34 million of net liabilities transferred with the stores, proceeds from the disposal totaled €683 million, of which €648 million was received on closing and €35 million was structured as an earn-out contingent on compliance with certain operational indicators during a transition period and which we may receive as such milestones are achieved.

In addition, we may sell further Leader Price stores in the short term to Aldi France, for up to €11 million.

Prior to closing the Leader Price Disposal, during 2020, we repurchased approximately 100 stores held by master franchisees that were sold to Aldi France as part of the Leader Price Disposal. The agreement includes a transition period, running through 2021, during which we will manage the day-to-day operations of the sold stores until they are progressively converted to the Aldi banner.

We remain the owner of the Leader Price brand and will continue to operate it in France and internationally, under certain conditions agreed with Aldi. The Group will keep its profitable wholesale activity for 200 Leader Price franchise stores, and external or internal clients (including Franprix, Casino Géant and Casino supermarkets).

In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, beginning with our financial statements as of and for the year ended December 31, 2019, we have accounted for Leader Price's results of operations and cash flows in our financial statements as a discontinued operation and our assets related to Leader Price as assets held for sale.

Disposal of Vindémia

We sold Vindémia to the GBH group on June 30, 2020 as part of our plan to dispose of non-strategic assets. The sale price for Vindémia totaled €207 million (with an enterprise value of €219 million) and was based on net debt and working capital as estimated at the date of the sale. The payment collected on the sale amounted to €186 million as of June 30, 2020, generating a disposal loss of €23 million, including a loss of €13 million on reclassifying foreign currency translation adjustments within gains and losses on disposals.

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

Year ended December 31, 2019

Disposal of Via Varejo

On November 23, 2016, we announced that we had approved GPA's decision to start negotiations for the sale of its investment in its subsidiary Via Varejo, the largest non-food retailer in Brazil, in line with its long-term strategic refocusing on the food retailing business. This sale was completed on June 14, 2019 through a block sale on the market of shares in Via Varejo at a price of BRL 4.90 per share, representing a total sale price of BRL 2.3 billion (€517 million). In accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, beginning with our financial statements as of and for the year ended December 31, 2016 and through the date on which the sale was completed, we accounted for Via Varejo's results of operations in our financial statements as a discontinued operation and our assets related to Via Varejo as assets held for sale.

Taking into account the two total return swaps ("**TRSs**") entered into during the first half of 2019 with respect to certain of GPA's shares in Via Varejo, total proceeds received from the sale of the stake in Via Varejo amounted to BRL 2.7 billion (€615 million). These transactions led to the recognition of a capital gain after tax of BRL 21 million (€6 million), which we accounted for as net profit from discontinued operations. The sale decreased non-controlling interests by €742 million.

Sale and leaseback transactions

We entered into two sale and leaseback transactions during the year ended December 31, 2019, which generated a capital loss before tax of €25 million.

- On March 8, 2019, we sold 26 store properties (13 Géant Casino supermarkets, three Hyper Casino hypermarkets and 10 Casino Supermarkets) to funds managed by Fortress for a sale price of €392 million. The transaction included a variable component of up to an additional €120 million depending mainly on the future yield on the properties sold, paid out as such milestones are achieved. We will continue to operate the stores under leases representing an annual rent of €32 million.
- On October 15, 2019, we sold 31 store properties (12 Géant Casino supermarkets and 19 Monoprix stores and Casino supermarkets) valued at €465 million to funds managed by companies affiliated with Apollo Global Management. The consideration totaled €327 million and includes a variable component of up to an additional €120 million, to be paid out as certain milestones are achieved. We will continue to operate these 31 stores under leases representing an annual rent of €27 million.

Store disposals and closures during the period

In 2019, agreements were signed to sell 31 integrated stores (including 17 hypermarkets) for a combined consideration of €281 million; as of December 31, 2019, the Group had completed the sale of 28 stores (including

15 hypermarkets) and received consideration of €165 million. In addition, 36 loss-making integrated stores were closed during the year ended December 31, 2019. Together, these stores represented net sales of around €483 million and a trading loss of €39 million during the year ended December 31, 2018. The gain in trading profit on these stores on a full-year basis including the associated structural costs is estimated to be approximately €50 million.

Year ended December 31, 2018

Sale of a stake in Mercialys

On July 26, 2018, in connection with our Asset Disposal Plan, we reduced our stake in Mercialys from 40.3% of the voting and economic rights to 25.3%, through a block sale of shares representing 15% of the share capital of Mercialys to a bank under a TRS. We received immediate proceeds from the sale amounting to €213 million.

Under IFRS 9, the block sale is only effective once the shares are actually sold on the market by the bank. Consequently the shares were not derecognized from our balance sheet as of December 31, 2018 and a liability was recorded for €198 million, corresponding to the value of the shares not yet sold on the market. The income statement impact of the bank's sale during 2018 of 1% of the share capital was not material.

As of December 31, 2018, the consolidated financial statements included the Group's 39.2% equity in Mercialys, of which 14 percentage points corresponded to the shares not sold on the market at that date by the bank. The shares under the TRS were reclassified as assets held for sale, in accordance with IFRS 5, in an amount of €114 million (representing the book value of the shares held under the TRS).

As of December 31, 2019, 64.6% of the shares held under the TRS had been sold. A corresponding capital loss of €20 million was recorded under other operating expenses for the year ended December 31, 2019, and the liability corresponding to the value of the shares not yet sold on the market amounted to €102 million as of December 31, 2019.

As of December 31, 2019, the consolidated financial statements included our 30.6% interest in Mercialys on an equity-accounted basis, of which 5.3 percentage points corresponded to the shares not sold on the market at that date by the bank.

As of June 30, 2020, 81.1% of the shares held under the TRS had been sold. A corresponding capital loss of €12 million was recorded under other operating expenses for the six-month period ended June 30, 2020, and the liability corresponding to the value of the shares not yet sold on the market amounted to €81 million as of June 30, 2020.

As of June 30, 2020, the consolidated financial statements included the Group's 28.1% interest in Mercialys on an equity-accounted basis, of which 2.9 percentage points corresponded to the shares not sold on the market at that date by the bank.

The remaining portion of the shares unsold under the TRS as of June 30, 2020 continued to be classified as "Assets held for sale" in accordance with IFRS 5, recognized at their carrying amount for €19 million.

On August 21, 2020, we announced an additional and definitive disposal of 5% of Mercialys equity through the TRS. We received immediate proceeds from the sale amounting to €26 million. This amount was allocated to the escrow account dedicated to the reimbursement of our gross debt.

The maturity of the Mercialys TRS is December 28, 2020. After the completion of the sale of the shares held under the TRS, we would hold 20.3% of the voting and economic rights in Mercialys.

Property development operations with Mercialys are neutralized in EBITDA consistently with the Group's percentage interest in Mercialys. A reduction in the Group's stake in Mercialys or the disposal of related assets by Mercialys therefore results in the recognition of EBITDA that was previously neutralized. Over the twelve months period ending in September 2020, deneutralized EBITDA represented €34 million, in relation to the reduction of our stake in Mercialys.

Acquisition of Sarenza

On April 30, 2018, Monoprix acquired Sarenza, a leading online personal goods and fashion retailer. The price paid for 100% of the shares was €22 million. Sarenza's contribution to consolidated net sales for the period from April 30, 2018 to December 31, 2018 was €97 million. Sarenza's net sales from January 1, 2018 to April 30, 2018 were €43 million. Sarenza's contribution to our pre-tax profit for the period was not material.

The purchase price allocation led to the recognition of a trademark amounting to €6 million and goodwill of €16 million (corresponding to the difference between the book value of the acquired net assets and the consideration transferred) as of December 31, 2019.

Sale and leaseback transactions

On December 20, 2018, the Group sold buildings pertaining to 53 Monoprix stores to Generali Group and 14 Monoprix stores to AG2R La Mondiale. After deducting registration fees, the proceeds from this transaction amounted to €742 million (before transaction costs) and generated a capital gain of €166 million, net of transaction costs. The Group will continue to operate the stores under leases representing an annual rent of €35 million.

Store disposals during the period

On February 28, 2018, Franprix-Leader Price sold control of 105 Franprix and Leader Price stores to a master franchisee. The sale proceeds amounted to €33 million. If the transactions had been completed on January 1, 2018, the additional impact on the Group's consolidated net sales, trading profit and net profit would not have been material. Franprix-Leader Price retained a 49% interest in the group of stores and has a call option to repurchase the group, which is exercisable between 2021 and 2023. The same master franchisee acquired a 40% stake in another group of Franprix-Leader Price stores. The master franchisee has a put option on its 40% stake and Franprix-Leader Price has a call option on such stake.

During the first half of 2018, Distribution Casino France ("**DCF**") sold a 40% stake in five Casino supermarkets to a master franchisee, retaining control of the supermarkets. The master franchisee has a put option on its 40% stake and Distribution Casino France has a call option.

Store acquisitions during the period

Franprix-Leader Price acquired control of 126 stores during 2018, at a total cost of €79 million. Certain of the stores acquired were previously accounted for by the equity method in our consolidated financial statements. The previously-held interest was therefore remeasured at its acquisition-date fair value, leading to the recognition of a €22 million gain in "Other operating income". If the acquisitions had been completed on January 1, 2018, the additional impact on the Group's consolidated net sales, trading profit and net profit would not have been material.

Year ended December 31, 2017

Store disposals during the period

In February 2017, in line with our ongoing franchising development plans, DCF sold to a master franchisee a 51% stake in two sub-groups representing a total of 21 Casino integrated supermarkets that were loss-making. Our net loss on the sale amounted to €30 million and was recorded in "Other operating expenses". DCF has two call options on the 51% stake sold in these two groups of stores, which are exercisable between November 2018 and October 2020.

Store acquisitions during the period

In the first quarter of 2017, Franprix-Leader Price acquired the remaining 40% interest in Sarjel, a holding company for a Franprix franchise, that was not previously owned by the Group, such that the Group is now the sole owner of Sarjel. The amount disbursed for this acquisition was €19 million including transaction costs.

In addition, Franprix-Leader Price acquired control of various stores during 2017, at a total cost of €43 million (of which €23 million was disbursed during 2017 and the balance in 2018). We recognized goodwill in respect of these transactions of €29 million as of December 31, 2018. In light of our equity-accounted investments in some of the entities concerned, the previously-held interests were remeasured at their acquisition-date fair value, leading to the recognition of a €9 million gain in "Other operating income". The contribution of these stores to consolidated net sales was €2 million and their contribution to profit before tax for the year was negative €3 million, before taking into account the gain recognized on remeasurement of the previously held interest. If the acquisitions had been completed on January 1, 2017, the additional impact on the Group's consolidated net sales and net profit before tax would have been €17 million and €2 million, respectively, before taking into account the gain recognized on remeasurement of the previously held interest.

Organic Growth and Same-Store Growth

To adjust for changes in consolidation scope and for changes in the number of stores in our network, we present organic growth in net sales and trading profit and same-store growth in net sales in this Listing Prospectus.

Organic Growth

Organic growth in net sales corresponds to consolidated net sales at constant scope of consolidation and constant foreign exchange rates, excluding Calendar Effects and excluding net sales from fuel, because fuel sales is an ancillary activity for our stores that is subject to a high volatility in price and demand depending on crude oil prices.

For each of a given period N and its prior-year comparative period N-1, the base figures for organic growth in net sales are computed on a monthly basis as follows:

- total net sales;
- *minus* net sales of fuel;
- *minus* net sales generated by:
  - companies acquired and thus brought into our consolidation scope after the first day of period N-1; and
  - companies sold and thus that were removed from our consolidation scope before the last day of period N.

The base figure for a given period N thus derived is divided by the base figure for its prior-year comparative period N-1 thus derived to arrive at a percentage change, from which the percentage change due to Calendar Effects is subtracted. The variation of organic net sales from one period to another is computed on a constant exchange rate basis, applying the exchange rate applicable to period N-1 to period N.

Transactions that involve a significant part of our network and are communicated to the market are treated as a change in consolidation scope and are therefore also adjusted for as a part of the calculation of organic growth (for example, disposals of hypermarkets in connection with the Rocade Plan). Management determines which such transactions are sufficiently significant to be included as an adjustment in the calculation of organic growth and, in making such determination, it is required to make judgments, estimates and assumptions that may affect the amounts presented in this Listing Prospectus that incorporate Calendar Effects.

For organic growth figures presented by banner, no adjustments are made to account for stores that operated under a particular banner in period N and under a different banner in its comparative period N-1.

Organic growth in trading profit is calculated on the same basis as described above, except that it does not exclude Calendar Effects or fuel sales.

Same-Store Growth

We show growth in net sales on a same-store basis in order to measure a like-for-like evolution between a given period N and its prior-year comparative period N-1, excluding non-recurring effects, foreign exchange effects and Calendar Effects. It measures the performance of our commercial concepts, while excluding the impact of certain external factors or significant changes affecting our operations.

For each month within the periods under review, same-store net sales are computed as follows:

- organic net sales for the period (calculated as described above);
- *minus* net sales attributable to wholesale sales made to our franchisees by our central purchasing agency, which we consider as subject to volatility due to changes in franchisees' purchase policies (including decisions on whether to source products through us or directly from third-party suppliers and changes in inventory levels);
- *minus* net sales generated by:
  - stores which opened or were acquired and thus brought into our consolidation scope after the first day of the month in period N-1 (but only to the extent net sales from such stores have not already been excluded in the calculation of organic growth for the relevant month); and

- stores which were sold or closed and thus were removed from our consolidation scope before the last day of the month in period N (but only to the extent net sales from such stores have not already been excluded in the calculation of organic growth for the relevant month);

- *minus* net sales generated by stores whose operations were affected by non-recurring events with a significant impact on sales performance, including the effect of: renovation works in a store causing a full or partial store closure, public works causing a significant disturbance in access to or visibility of the store and damage resulting from acts of god or civil disorder.

Same-store net sales are computed at constant exchange rates (as described above) and, because they are calculated from organic net sales for the period, they include the related adjustments for Calendar Effects and fuel sales.

Changes in Accounting Methods

The following is a discussion of certain changes in accounting methods that affect the comparability of our results of operations during the periods under review. For a further discussion of changes in accounting methods that have occurred, see note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020 and our audited annual consolidated financial statements as of and for the year December 31, 2019 included in this Listing Prospectus.

IFRS 16 – Leases

IFRS 16 (Leases), which the IASB published in January 2016 and which became mandatory for companies reporting according to IFRS from January 1, 2019, eliminates the distinction between operating and finance leases, and requires almost all leases to be recognized on the balance sheet. Under this new standard, an asset (the right to use the leased asset) and a financial liability, measured as the net present value of future lease payments, are recognized. Short-term leases and low-value leases are exempted. The new standard affects certain commonly used financial ratios and performance metrics because of its impact on the balance sheet and on the nature of the expenses related to leases, as rent expenses are substantially replaced with depreciation and finance costs. IFRS 16 requires lessees to recognize assets corresponding to the right to use the underlying leased asset for the estimated term of the lease, as well as liabilities corresponding to the discounted obligation to make lease payments for substantially all leases. Operating lease expense in the consolidated income statement is replaced by depreciation of the right-of-use asset, presented in cost of goods sold or selling expenses, and interest expense on the financial liability, presented in other financial expenses.

The new lease accounting rules under IFRS 16 primarily affect the accounting for our operating leases. Our principal leased assets include our stores and warehouses. Previously, the Group classified most of its leases as operating leases and recognized rental expense on a straight-line basis over the lease term. No asset or liability was previously recognized except to reflect any timing difference between the rental payment period and the period in which the related expense is recognized.

We have applied the IFRS 16 standard from its mandatory adoption date of January 1, 2019. In the preparation of our financial statements as of and for the year ended December 31, 2019, we applied the full retrospective transition approach and have restated all comparative information for the year ended December 31, 2018 in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

For further detail on the impact of our application of IFRS 16 on our financial statements, including a reconciliation from our reported results of operations, cash flow and balance sheet as of and for the year ended December 31, 2018 to the restated figures for such period including IFRS 16 adjustments and other adjustments, see notes 1.3.1 and 1.3.2 to our audited consolidated financial statements as of and for the year ended December 31, 2019 included in this Listing Prospectus.

Our comparison our results of operations from continuing operations for the six months ended June 30, 2019 and 2020 and of our results of operations from continuing operations for the year ended December 31, 2018 with the year ended December 31, 2019 presented herein are on a post-IFRS 16 basis. However, our comparison of our results of operations from continuing operations for the year ended December 31, 2018 with the year ended December 31, 2017 is on a pre-IFRS 16 basis and instead applies IAS 17 to ease comparability, as the financial information as of and for the year ended December 31, 2017 has not been restated to account for the impact of IFRS 16.

In December 2019, the IFRS Interpretations Committee published its decision on (i) determining the enforceable period of an automatically renewable lease or a lease that can be terminated by either of the parties with no contractual penalty and (ii) the link between the useful life of non-removable leasehold improvements and the IFRS 16 lease term. This decision provides clarifications that may impact the term of leases other than the particular cases mentioned. In light of this decision, on July 3, 2020, the French accounting standards-setter (*Autorité des Normes Comptables* or the "**ANC**") issued a new position statement on July 3, 2020 regarding French commercial leases that are described as "3-6-9" leases, because such leases are signed for at least nine years, with unilateral termination possible by the tenant after three or six years. This statement superseded the ANC's previous position statement of February 16, 2018. Although we had begun a further analysis of our leases in order to identify contracts whose initial accounting under IFRS 16 could be affected by the ANC's position statement, we had not yet completed this analysis as of the date of publication of our financial statements as of and for the six months ended June 30, 2020. For a further discussion of this decision, see note 1.1 to our unaudited consolidated financial statements as of and for the six months ended June 30, 2020 included in this Listing Prospectus.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 defines the principles for recognizing revenue and replaces IAS 18 – Revenue, IAS 11 – Construction Contracts and all related interpretations. The standard defines a single model for recognizing revenue, in five steps. It introduces new concepts and principles regarding the recognition of revenue, in particular the identification of performance obligations and the allocation of the transaction price for contracts with multiple performance obligations.

We decided to apply IFRS 15 from January 1, 2018 under the full retrospective approach, by restating comparative information. In view of the nature of our businesses, the application of the standard had no material impact on our previously published revenue and trading profit. Our discussion of our results of operations and cash flows for the year ended December 31, 2018 presents for the comparative period the restated amounts for the year ended December 31, 2017.

Adoption of IFRS 15 mainly led to reclassifications between net sales, other revenue, cost of goods sold and selling expenses. This mainly concerns certain services provided to suppliers, certain promotional offers granted directly by suppliers to end-customers, agent/principal qualifications in certain contracts and the presentation of rental revenue. Retrospective application of IFRS 15 to our audited consolidated financial statements as of and for the year ended December 31, 2017 led to a €332 million decrease in net sales and a €30 million decrease in trading profit (including €19 million in our France Retail segment and €10 million in our E-commerce segment) compared to the previously reported amounts.

For further detail on the impact of our application of IFRS 15 on our financial statements, see notes 1.3.1 and 1.3.3 to our audited annual consolidated financial statements as of and for the year ended December 31, 2018 included in this Listing Prospectus.

Presentation of costs of obtaining contracts

In 2019, we reviewed the presentation of costs to obtain contracts in our statement of financial position. Costs to obtain contracts, previously included in other current and non-current assets, have been included in other intangible assets in our audited annual consolidated financial statements as of and for the year ended December 31, 2019 and in our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020. We believe that this voluntary change of presentation improves the quality of our financial disclosures as it reflects the way in which this investment – related to the management of our franchise – is itself managed (i.e., as though we had acquired an intangible asset (the customer relationship)). In our income statement, costs to obtain contracts are now recognized over the term of the contract as an amortization expense within selling expenses and no longer as an expense within cost of goods sold. The amortization expense for the year ended December 31, 2018 amounted to €39 million (including the portion relating to Leader Price as a discontinued operation). The reclassification qualifies as a change of method and has therefore been applied retrospectively to 2018 in our audited annual consolidated financial statements as of and for the year ended December 31, 2019 as if the new presentation had been adopted as of the beginning of those periods. We have also restated our financial information as of and for the six months ended June 30, 2019 to reflect this change of method in our unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2020.

IFRS 9 – Financial Instruments

IFRS 9 defines new principles covering the classification and measurement of financial instruments, the recognition of impairment provisions for credit risk on financial assets and hedge accounting.

We have applied IFRS 9 as from January 1, 2018 by recording the cumulative impact in opening equity at the transition date. Individually, the changes resulting from our application of IFRS 9 are immaterial. For further detail on the impact of our application of IFRS 9 on our financial statements, see notes 1.3.2 and 1.3.3 to our audited annual consolidated financial statements as of and for the year ended December 31, 2018 included in this Listing Prospectus.

IFRIC 23—Uncertainty over Income Tax Treatments

IFRIC 23—Uncertainty over Income Tax Treatments explains how to reflect the effects of uncertainty in accounting for current and deferred tax assets and liabilities under IAS 12 – Income taxes.

We have applied IFRIC 23 as from January 1, 2019 using the modified retrospective method (that is, without a restatement of comparative information). The application of this interpretation did not result in any significant changes to the measurement of uncertain tax balances as of December 31, 2018. We also reclassified a number of statement of financial position items from "Provisions for risks and expenses" to "Current tax liabilities" and/or "Deferred taxes". These changes in presentation did not have a material impact.

Explanation of Key Line Items from the Income Statement

The following is a summary description of certain line items from our income statement. For more information, see the notes to our consolidated financial statements included in this Listing Prospectus.

Net sales include sales by our stores and sales to our franchisees through our central purchasing agency (to the extent such franchises are not already consolidated in our financial statements), service stations, e-commerce sites and restaurants, franchise fees (which were included in "Other income" prior to our first application of IFRS 15), revenues from business leases and financial services revenues.

Other revenue (or *Other income* prior to our first application of IFRS 15) consists of revenue from our property development and property trading businesses, rental revenues, miscellaneous service revenues, incidental revenues and revenues from secondary activities, and revenues from our energy business. Prior to our first application of IFRS 15, Other income also included franchise fees.

Cost of goods sold comprises the cost of purchases net of discounts, commercial cooperation fees and any tax credits associated with purchases, changes in retail inventories and logistics costs. Since our application of IFRS 15, it also includes costs to fulfill contracts, property development and property trading business costs and changes in related inventories (which had previously been included in selling expenses).

Selling, general and administrative expenses ("**SG&A**") are comprised of two components:

- *Selling expenses* consist of point-of-sale costs and the amortization of the incremental costs of obtaining contracts. Prior to our first application of IFRS 15, selling expenses also included property development and property trading business costs and changes in related inventories.
- *General and administrative expenses* correspond to overheads and the cost of corporate units, including the purchasing and procurement, sales and marketing, IT and finance functions.

Depreciation and amortization expense is included in SG&A to the extent that the relevant asset relates to SG&A activities. We also recognize depreciation and amortization expense on our inventory in cost of goods sold.

Trading profit is defined as operating profit before other operating income and other operating expenses. On a pre-IFRS 16 basis, trading profit includes lease expenses. On a post-IFRS 16 basis, trading profit includes only variable lease expenses, leases for which the underlying asset is of low value and depreciation of the right-of-use asset.

Other operating income and *other operating expenses* include certain items which, by definition, are not included in an assessment of a business unit's recurring operating performance, such as gains and losses on disposals of non-current assets, impairment losses on non-current assets, and income/expenses related to changes in the scope of consolidation (for example, transaction costs and fees for acquisitions of control, gains and losses from disposals of subsidiaries, remeasurement at fair value of previously-held interests) and (ii) certain non-recurring items that would distort analyses of the Group's recurring profitability. They are defined as significant items of income and expense that are limited in number, unusual or abnormal, whose occurrence is rare. Examples include restructuring costs (such as reorganization costs and the costs of converting stores to new concepts) and provisions and expenses for litigation and risks (including discounting adjustments).

Although we recognize restructuring charges in each period due to the evolution of our store network, we consider these costs to fall outside of our recurring operating performance due to their nature. In addition, certain non-recurring items may be included in net sales or other revenues.

Income from cash and cash equivalents includes income on cash and cash equivalents and gains or losses on disposals of cash equivalents.

Finance costs comprise interest expense on financial liabilities, gains and losses on interest rate hedges (including the ineffective portion) and related currency effects. Finance costs also include changes in the fair value of hedging derivatives instruments.

Other financial income and *other financial expenses* comprise financial income and expenses that are not included in net finance costs, including, among others, dividends received from non-consolidated companies, non-recourse factoring and associated transaction costs, discounting adjustments (including to provisions for pensions and other post-employment benefit obligations), gains and losses arising from remeasurement at fair value of equity derivatives, impairment losses, realized gains and losses on financial assets other than cash and cash equivalents, and, from January 1, 2019, the interest cost related to the lease liability generated by the application of the IFRS 16 standard. Exchange gains and losses are also recorded under this caption, apart from (i) exchange gains and losses on cash and cash equivalents and financial liabilities, which are presented under net finance costs, and (ii) the effective portion of accounting hedges of operating transactions, which are included in trading profit.

Income tax consists of current and deferred taxes calculated in accordance with the relevant tax laws in force in the jurisdictions in which we operate.

Share of profit of equity-accounted investees includes the Group's share of the result of companies accounted for by the equity method.

Net profit/(loss) from continuing operations, attributable to owners of the parent represents the Group's economic interest in the total reported profit/(loss) from continuing operations. As we consolidate a number of activities that are not wholly owned (for example, we only had a 41% interest in GPA as of December 31, 2019), there can be considerable differences between net profit/(loss) from continuing operations and net profit/(loss) from continuing operations, attributable to owners of the parent, and, depending on the relative performance of our different segments, these items can even be directionally opposite.

Results of Operations

Three months ended September 30, 2020 compared to the three months ended September 30, 2019

Net Sales

During the three months ended September 30, 2020, we recorded €7,426 million of net sales, a decrease of 13.4% from our net sales for the three months ended September 30, 2019. The table below shows net sales and growth rates on an as-reported, organic and same-store basis for the three months ended September 30, 2020.

	Net sales	As-reported growth	Organic growth	Same-store growth
		in millions of euros		
France Retail	3,676	(10.6)%	(2.6)%	(0.2)%
E-commerce	447	(3.0)%	(3.0)%	(3.0)%
Total France	**4,123**	**(9.9)%**	**(2.6)%**	**(0.6)%**
Latam Retail	3,303	(17.5)%	15.5%	11.6%
Total Group	**7,426**	**(13.4)%**	**6.2%**	**6.2%**

During the three months ended September 30, 2020, compared to the three months ended September 30, 2019, changes in foreign exchange rates had a negative impact of 14.7% on our net sales and fuel sales had a negative impact on our net sales of 1.6%. Changes in consolidation scope had a negative impact on our net sales of 3.1%. Calendar effects had a negative impact of 0.2% on our net sales.

A description of our net sales performance by segment is below.

France Retail

On a same-store basis, our France Retail segment net sales for the three months ended September 30, 2020 were 0.2% lower than those for the three months ended September 30, 2019. This was partially due to lower tourist volumes in Paris and southeast France in July, offset by improved sales momentum in August. E-commerce and organic net sales remained dynamic, recording growth of 44% and 8%, respectively.

The table below shows net sales and their growth on an as-reported, organic and same-store basis for our French Retail banners for the three months ended September 30, 2020 compared with the three months ended September 30, 2019.

	Net sales	As-reported growth	Organic growth	Same-store growth
		in millions of euros		
Monoprix	1,024	(2.8)%	(3.1)%	(1.2)%
Supermarkets	816	(4.4)%	(0.3)%	0.8%
of which Casino Supermarkets(1)	757	(4.3)%	(0.2)%	1.7%
Franprix	343	(4.5)%	(3.9)%	(1.1)%
Convenience & other(2)	478	(29.0)%	3.2%	6.5%
of which Convenience(3)	404	4.7%	6.2%	6.5%
Hypermarkets	1,016	(13.5)%	(5.9)%	(3.0)%
of which Géant(1)	950	(14.6)%	(6.8)%	(2.7)%
of which food	663	(10.0)%	n.a.	(2.8)%
of which non-food	113	(21.1)%	n.a.	(2.9)%
Total France Retail	**3,676**	**(10.6)%**	**(2.6)%**	**(0.2)%**

(1) Net sales excluding Codim stores in Corsica.

(2) Other mainly includes Vindémia, Geimex and restaurants.

(3) Convenience same-store net sales include the same-store performance of franchised stores.

Sales performance by format over the period was as follows:

- Monoprix net sales decreased by 1.2% on a same-store basis, reflecting the impact of weaker activity in Paris, especially in July. This was partially offset by growth in clothing sales of 5% and particularly strong activity in Monoprix's e-commerce channel during the period. E-commerce order volumes increased by 60% during the period, driven by the ramp-up of Monoprix Plus via our O'logistique automated warehouse, and the expansion of Monoprix's partnership with Amazon Prime Now to Bordeaux in September. In addition, Monoprix continued to focus on innovation during the period, opening a new store concept in Montparnasse in September and unveiling its 100% autonomous "Blackbox" store, accessible 24/7 and which could potentially be rolled out to hospitals, train stations and airports.

- Supermarket net sales increased by 0.8% on a same-store basis (excluding Codim stores). Casino Supermarket net sales increased by 1.7% on a same-store basis. This was primarily due to the strong sales of organic products (which increased by 10%) and the Casino Supermarket e-commerce channel (which increased by 81%). E-commerce growth was led by an acceleration in Drive formats and a partnership with Deliveroo (70 supermarkets).

- Franprix net sales decreased by 1.1% on a same-store basis, due to lower sales in Paris that were only partially offset by robust sales in the Paris suburbs and other French regions where Franprix is present. Non-food sales were up by 6% for the quarter, driven notably by corners (or "shops-in-shops") such as Hema (in 134 stores at September 30, 2020), Cdiscount (in 45 stores at September 30, 2020) and Decathlon (in 19 stores at September 30, 2020). Moreover, Franprix's e-commerce channel continued its development, with growth of 44%, with 79 participating stores at September 30, 2020 and the deployment of a Deliveroo offering at 59 stores.

- Convenience net sales increased by 6.5% on a same-store basis. The deployment of click & collect services across the network made it possible to generate a sharp, 57% increase in our Convenience banner's e-commerce channel as compared to the three months ended September 30, 2019. Our Convenience store base continued to expand, with 31 store openings during the quarter, bringing the total number of stores opened in 2020 to 76.

- Géant Hypermarket net sales decreased by 2.7% on a same-store basis, reflecting the impact of lower sales in stores in the Provence-Alpes-Côte d'Azur region. Nevertheless, buoyant segments maintained their strong momentum, with growth of 6% for organic products and acceleration in the e-commerce channel (growth of 24%), which notably benefited from the partnership with Uber Eats (20 stores) and Deliveroo (15 stores). The banner also accelerated its shop-in-shop strategy during the quarter, with the signing of a new partnership with C&A (7 corners at September 30, 2020) and the deployment of Hema corners (8 corners at September 30, 2020) and Claire's corners (52 in total as of September 30, 2020, of which 36 were created during the quarter).

RelevanC reported gross sales of €24.1 million during the three months ended September 30, 2020, representing an increase of 27% over the same period in 2019. The relevanC Advertising platform came fifth in SRI's ranking based on gross sales under banner, versus seventh in 2019. During the quarter, relevanC Marketing Solutions signed its first contracts with external clients outside France.

E-commerce

Cdiscount generated net sales of €447 million during the three months ended September 30, 2020, a decrease of 3% from the comparable period in 2019 and an organic decrease of 3%. Standalone GMV for the period was €936 million, a decrease of 0.8% in reported growth and an increase of 0.2% in organic growth from the comparable period in 2019.

In the third quarter, Cdiscount confirmed its strategy of growth and profitability in three priority areas:

- An improvement in margins on direct sales through a strategy of improving product mix towards more high-margin and recurring product categories (home, sport, beauty, food, DIY, gardening, accessories and IT consumables), which reported 16% growth in GMV for the quarter.
- Strong growth in the marketplace, with (i) a sharp increase in GMV (8.8%) and the marketplace contribution, which represented 45.0% of total GMV for the quarter (up 5.9 percentage points compared with the prior-year period) and (ii) an acceleration in marketplace revenues (including commissions, services to vendors, marketplace subscription fees and rebates), which totaled €41 million for the quarter, up 17% Fulfillment by Cdiscount now covers 36% of marketplace GMV (an increase of 2.3 percentage points).
- Digital marketing revenues, up 30% for the quarter, driven notably by the development of the Cdiscount Ads Retail Solution (CARS) digital marketing platform, whose revenues have tripled.

Cdiscount also continued its international expansion during the quarter, with growth in international GMV of 79%. At September 30, 2020, the banner had 157 connected websites (an increase of 69 over June 30, 2020) and offered delivery in 27 European countries (two more than at June 30, 2020).

GMV was stable overall, with growth in the marketplace offsetting the decline in direct sales of low-margin products. Since marketplace sales are only recognized for the amount of the associated commission, the banner’s net sales declined for the quarter.

Latam Retail

Sales in Latin America (GPA and Grupo Éxito) rose by 11.6% on a same-store basis and by 15.5% on an organic basis during the quarter, driven by increased economic activity due to the lifting of lockdowns and by marketing and digital initiatives.

As reported by GPA, Net sales in Brazil (GPA) grew by 20.0% on an organic basis during the quarter.

- Assaí net sales recorded strong organic growth of 33.4% thanks to the attractiveness of its formats and the success of its expansion strategy, with 42 new stores opened in the past 24 months. Assaí’s same-store net sales grew by 18.1%, led by the gradual reopening of Brazil’s economy and the recovery of B2B customers, the retention of B2C customers, promotional activity and inflation.
- Multivarejo posted same-store net sales growth of 10.4%, reflecting strong gains from refurbished stores and growth of 240% in E-commerce. Within Multivarejo:
    - Proximity banners net sales grew on a same-store basis by 36.5%, reflecting good momentum in the Minuto Pão de Açúcar and Mini Extra formats.
    - The Compre Bem and Mercado Extra banners delivered strong same-store net sales growth of 35.5% and 17.6%, respectively.
    - Extra Hypermarkets, whose net sales grew by 7.4% on a same-store basis, benefited from significant growth in non-food segments, despite the reopening of non-essential stores. The banner also continued with its renovation program designed to boost the appeal of its stores (more competitive pricing, enhanced customer service and a streamlined offering).
    - Pão de Açúcar, whose net sales grew by 3.6% on a same-store basis, posted strong performance with growth in net sales of over 70% in stores located outside metropolitan centers (such as coastal areas and the countryside), due to the migration of customers away from city centers during the COVID-19 related lockdown.

Net sales by Grupo Éxito rose by 2.3% on a same-store basis during the quarter.

- Colombia: net sales decreased by 1.0% on a same-store basis, impacted by restrictions on travel and reduced opening hours.

- Uruguay: net sales grew by 11.0% on a same-store basis, powered by sales initiatives, the omni-channel strategy and good performance in food sales.
- Argentina: net sales grew by 12.7% on a same-store basis, driven by inflation but negatively impacted by the macroeconomic environment and strict lockdown measures.

EBITDA

EBITDA for the three months ended September 30, 2020 amounted to €599 million, an increase of €12 million from our EBITDA for the three months ended September 30, 2019.

Combined France Retail and E-Commerce EBITDA grew by €46 million to €358 million, as the result of (a) a positive €30 million impact of the acceleration of cost-savings plans at all banners and a positive €15 million impact from the full-year effect of the Rocade Plan; (b) the €7 million negative impact of the disposal of Vindémia; (c) the negative €5 million impact of COVID-19 related costs, which were sharply lower than those incurred during the second quarter of 2020; (d) strong growth in Cdiscount's share of marketplace GMV, as well as growth in our digital marketing services, and (e) a positive €5 million impact from our property development activity.

In our Latam Retail segment, EBITDA decreased by €34 million to €241 million, primarily as a result of the negative exchange rate effect, offset partially by an increase in Assaí's EBITDA contribution (an increase of 48% in local currency, as reported by the subsidiary). At constant exchange rates, the Latam Retail segment EBITDA grew by €56 million.

Six months ended June 30, 2020 compared to the six months ended June 30, 2019

The table below sets out our results of operations from continuing operations for the six months ended June 30, 2019 and 2020.

	For the six months ended June 30,	
	2019 Restated (1)	**2020**
	Post-IFRS 16	
	in millions of euros	
CONTINUING OPERATIONS		
Net sales	16,842	16,140
Other revenue	327	245
Total revenue	**17,169**	**16,385**
Cost of goods sold	(12,914)	(12,403)
Gross margin	**4,255**	**3,981**
Selling, general and administrative expenses	(3,800)	(3,596)
Trading profit	**455**	**386**
Other operating income and expenses	(286)	(249)
Operating profit	**169**	**137**
Income from cash and cash equivalents	11	9
Finance costs	(166)	(197)
Net finance costs	**(156)**	**(188)**
Other financial income and expenses	(139)	(264)
Profit (loss) before tax	**(125)**	**(314)**
Income tax benefit (expense)	(24)	12
Share of profit of equity-accounted investees	22	15
Net profit (loss) from continuing operations	**(127)**	**(287)**
Attributable to non-controlling interests	45	47
Net profit/(loss) from continuing operations, attributable to owners of the parent	**(172)**	**(334)**
EBITDA (2)	**1,123**	**1,066**

(1) Restated to reflect mainly: (i) the classification of Leader Price as a discontinued operation in accordance with IFRS 5 (see "*—Factors Affecting Comparability of Results—Changes in Consolidation Scope—Leader Price Disposal*"), (ii) a change in the method of presenting costs to obtain contracts (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*") and (iii) the definitive impacts of the retrospective application of IFRS 16 – Leases (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"). See note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

(2) At constant exchange rates our consolidated EBITDA and our Latam Retail EBITDA for the six months ended June 30, 2020 would have grown by 4.0% and 9.9%, respectively, as compared to our consolidated EBITDA and our Latam Retail EBITDA for the six months ended June 30, 2019.

Net sales

Net sales decreased by €703 million, or 4.2%, from €16,842 million for the six months ended June 30, 2019 to €16,140 million for the six months ended June 30, 2020. This decrease was due to a decline in net sales in our France Retail segment and Latam Retail segment, which was only partially offset by an increase in our E-commerce segment net sales.

On an organic basis, net sales would have grown by 9.4%, and on a same-store basis, net sales would have grown by 8.4%. At constant exchange rates, group net sales would have grown by 5.9%, combined France Retail and E-Commerce net sales would have decreased by 2.2% and Latam Retail net sales would have increased by 15.0%.

<u>France Retail</u>

France Retail net sales decreased by €254 million, or 3.2%, from €8,045 million for the six months ended June 30, 2019 to €7,791 million for the six months ended June 30, 2020. This decrease was primarily due to a change in consolidation scope mainly related to disposals made in connection with the Rocade Plan, as well as a decrease in fuel sales due to lower demand as a result of the COVID-19 pandemic.

On an organic basis, France Retail net sales increased by 3.2%, and on a same-store basis, France Retail net sales increased by 6.0%.

Sales performance by banner over the period was as follows:

- <u>Monoprix</u> net sales increased by €31 million, or 1.4%, from €2,262 million for the six months ended June 30, 2019 to €2,293 million for the six months ended June 30, 2020. On an organic basis, Monoprix net sales grew by 1.2%. On a same-store basis, Monoprix net sales grew by 3.2%. This was driven by the e-commerce channel, which was particularly strong, buoyed by Amazon Prime Now and a sharp increase in orders through Monoprix.fr, together with rapid growth in click and collect solutions.
- <u>Supermarket</u> net sales increased by €12 million, or 0.8%, from €1,514 million for the six months ended June 30, 2019 to €1,526 million for the six months ended June 30, 2020, primarily due to a reported growth of 8.8% on a same-store basis offsetting the negative impact of a change in consolidation scope related to disposals made in connection with the Rocade Plan, as well as a decrease in fuel sales due to lower demand as a result of the COVID-19 pandemic. On an organic basis, supermarket net sales increased by 7%. This was due in part to the urban positioning of supermarkets, which continued to see strong customer traffic, an acceleration in the drive channel and the development of autonomous stores.
- <u>Franprix</u> net sales increased by €78 million, or 9.9%, from €781 million for the six months ended June 30, 2019 to €858 million for the six months ended June 30, 2020. On an organic basis, Franprix net sales increased by 10.8%. On a same-store basis, Franprix net sales increased by 13.6%. Franprix net sales benefited from strong demand during the period (driven in particular by the lockdown) for local shopping options in urban centers, where we have a strong presence and a well-adapted offering. The banner enhanced its e-commerce channel solutions with click and collect and home delivery services.
- <u>Convenience</u> net sales increased by €63 million, or 10%, from €634 million for the six months ended June 30, 2019 to €697 million for the six months ended June 30, 2020. On an organic basis, convenience net sales increased by 9.7%. On a same-store basis, convenience net sales increased by 14.8%. This was mainly the result of our ability to benefit from strong customer demand for stores in this format, driven in particular by the lockdown, thanks to our having the densest convenience store network in France, as well as the deployment of e-commerce solutions for our convenience stores.
- <u>Géant Hypermarket</u> net sales decreased by €355 million, or 16.7%, from €2,122 million for the six months ended June 30, 2019 to €1,767 million for the six months ended June 30, 2020, primarily due to changes in consolidation scope mainly related to disposals in connection with the Rocade Plan, as well as a decrease in fuel sales due to lower demand as a result of the COVID-19 pandemic. On an organic basis, Géant hypermarket net sales decreased by 2.2%. On a same-store basis, Géant hypermarket sales increased by 0.7%. The banner benefited in relative terms from stores with adapted retail space and the acceleration in the Drive segment despite an environment that has been more challenging in France for large hypermarkets since the first lockdown in March.

- RelevanC reported gross sales of €44 million during the first half of 2020 (including net sales generated from business within the Group), representing an increase of 44% over the first half of 2019, which was largely attributable to its digital advertising campaign activation business, which consists of executing digital advertising strategies.

E-Commerce

E-commerce segment net sales increased by €59 million, or 6.6%, from €889 million for the six months ended June 30, 2019 to €948 million for the six months ended June 30, 2020. This increase was primarily due to an increase in sales volumes. As part of our strategy for Cdiscount, we have sought to increase the percentage of GMV derived from marketplace sales, on which we earn a commission without incurring marginal costs of goods sold. Cdiscount's GMV grew from €1,754 million for the six months ended June 30, 2019 to €1,946 million for the six months ended June 30, 2020, representing organic growth of 12.0%, including sales and services in corners (or "shops-in-shops"). The increase in GMV was driven by growth in marketplace sales and B2C services.

Latam Retail

Latam Retail net sales decreased by €507 million, or 6.4%, from €7,908 million for the six months ended June 30, 2019 to €7,401 million for the six months ended June 30, 2020. This decrease was primarily due to a negative exchange rate effect of €1,688 million. On an organic basis, Latam Retail net sales increased by 15.7%. On a same-store basis, Latam Retail net sales increased by 10.5%.

In Brazil, net sales by GPA decreased by €370 million, or 6.3%, from €5,914 million for the six months ended June 30, 2019 to €5,544 million for the six months ended June 30, 2020. On an organic basis, GPA net sales grew by 18%. GPA net sales grew by 10.7% on a same-store basis. This was primarily driven by strong performance by Assaí (cash & carry) and an upturn in demand within Multivarejo (hypermarkets, supermarkets and convenience).

Grupo Éxito net sales decreased by €140 million, or 7.0%, from €1,988 million for the six months ended June 30, 2019 to €1,848 million for the six months ended June 30, 2020. Grupo Éxito net sales were particularly negatively impacted by exchange rates. On an organic basis, Grupo Éxito net sales grew by 9% and on a same-store basis, Grupo Éxito net sales grew by 10.1%. This was driven by strong performance in all countries where Grupo Éxito's banners are present.

Other revenue

Other revenue decreased by €82 million, or 25%, from €327 million for the six months ended June 30, 2019 to €245 million for the six months ended June 30, 2020. This decrease was primarily due to lower revenues from our property development and property trading activities in France, unrelated to our Asset Disposal Plan and the Rocade Plan.

Gross margin

Gross margin decreased by €274 million, or 6.4%, from €4,255 million for the six months ended June 30, 2019 to €3,981 million for the six months ended June 30, 2020. As a percentage of total revenue, gross margin decreased by 0.5 percentage points from 24.8% in the first half of 2019 to 24.3% in the first half of 2020.

In France Retail, gross margin as a percentage of total revenue remained largely stable, with a slight increase of 0.2 percentage points.

Our E-commerce segment's gross margin as a percentage of total revenue increased by 2.4 percentage points. This was the result of the increased share of marketplace sales in Cdiscount's GMV, a shift in product mix to more recurring and higher margin products and an increase in B2C and B2B monetization revenues.

In Latam Retail, gross margin as a percentage of total revenue decreased by 1.1 percentage points, due to lower margins in Multivarejo and a higher relative proportion of sales from Assaí, which operates with a lower margin.

SG&A

SG&A decreased by €205 million, or 5.4%, from €3,800 million for the six months ended June 30, 2019 to €3,596 million for the six months ended June 30, 2020.

In France Retail, SG&A decreased by €25 million, or 1.1%, from €2,269 million for the six months ended June 30, 2019 to €2,244 million for the six months ended June 30, 2020, resulting from the impact of savings plans (including disposals under the Rocade Plan), which were partially offset by additional costs related to the COVID-19 pandemic (primarily the special bonus paid to employees). E-commerce SG&A increased by €7 million, or 5.3%, from €129 million for the six months ended June 30, 2019 to €136 million for the six months ended June 30, 2020. In Latam Retail, at actual exchange rates, SG&A decreased by €165 million, or 10.7%, and at constant exchange rates it would have increased by €153 million, or 9.9%. This increase was primarily due to an increase in SG&A in line with growth in sales at Assaí.

Trading profit

Consolidated trading profit decreased by €69 million, or 15.3%, from €455 million for the six months ended June 30, 2019 to €386 million for the six months ended June 30, 2020. Trading profit was impacted by the non-recurring additional costs associated with the COVID-19 pandemic (including a €47 million special employee bonus) and a negative exchange rate impact of €55 million. Including the special employee bonus, trading profit decreased by 3.6% at constant exchange rates. Excluding the special employee bonus, consolidated trading profit improved by 7% at constant exchange rates.

<u>France Retail</u>

France Retail trading profit decreased by €59 million, or 28.7%, from €207 million for the six months ended June 30, 2019 to €148 million for the six months ended June 30, 2020. On an organic basis, France Retail trading profit decreased by 28.6%. This included €144 million in trading profit for our retail business during the first half of 2020, as compared with €177 million in the first half of 2019, a decrease of 18.7% on an as-reported basis. Excluding the special employee bonus, trading profit of our retail business increased by 2%. Property development trading profit, which is highly dependent on the number of ongoing projects at any given time, was €4 million for the six months ended June 30, 2020, compared with €30 million for the comparative period in 2019.

France Retail trading margin as a percentage of net sales decreased to 1.9% for the six months ended June 30, 2020 from 2.6% for the six months ended June 30, 2019. Our cost savings plan and the Rocade Plan generated savings of €40 million, representing a sustained improvement in our cost ratio of 50 basis points. The COVID-19 health crisis had a positive €80 million impact on our activity, which was more than offset by temporary additional costs related to emergency measures taken to ensure supply of customers in a challenging environment (including increased logistics costs of €27 million and increased costs related to staff reinforcement of €28 million), as well as for the protection of our employees and customers, such as safety and protection equipment and extra cleaning (an increase of €38 million in costs). This net €13 million negative impact, taken together with the special employee bonus paid in France of €37 million, resulted in a net negative impact on trading profit related to the COVID-19 health crisis of €50 million.

<u>E-Commerce</u>

E-commerce trading profit improved to a net profit of €6 million for the six months ended June 30, 2020 from a net loss of €17 million for the six months ended June 30, 2019. This improvement was mainly due to an increased share of Cdiscount marketplace sales, which represented 46.3% of GMV during the second quarter of 2020, an increase of 6.2 percentage points compared with the same period in 2019, and on which we achieve higher margins. Moreover, trading profit was boosted by a shift in product mix towards high-margin and recurring product sales (such as DIY, gardening, sports goods and day-to-day purchases).

<u>Latam Retail</u>

Latam Retail trading profit decreased to €232 million during the first half of 2020, compared with €265 million in the corresponding period of 2019, principally as a result of negative currency exchange rate impacts. Excluding the exchange rate impact, trading profit grew by 6.3%, primarily as a result of improved profitability in Assaí and improved margins in Multivarejo.

Other operating income and expenses

Other operating income and expenses decreased by €37 million from a net expense of €286 million for the six months ended June 30, 2019 to a net expense of €249 million for the six months ended June 30, 2020.

In France, other operating income and expenses represented a net expense of €221 million, compared with a net expense of €237 million in the first half of 2019. The decrease in other operating expenses was mainly due to an overall decline in non-recurring cash and non-cash expenses related to the Asset Disposal Plan, the Rocade plan and other restructuring costs (excluding the Rocade Plan).

Our E-commerce segment recognized a net expense of €10 million in the first half of 2020, compared to net expense of €4 million in the first half of 2019. This was attributable to a number of different factors that were individually immaterial.

Our Latam Retail segment recognized a net expense of €18 million in the first half of 2020, compared to a net expense of €44 million in the first half of 2019. This was attributable to a number of different factors that were individually immaterial.

Net finance costs

Net finance costs increased by €32 million, or 20.6%, from a net expense of €156 million for the six months ended June 30, 2019 to a net expense of €188 million for the six months ended June 30, 2020. This increase resulted from an increase in interest expense on borrowings following the implementation of the refinancing of the Group's indebtedness in the second half of 2019, as well as increased financial expenses at GPA due to the Latam Reorganization Transactions.

Other financial income and expenses

Other financial income and expenses increased by €125 million, from a net expense of €139 million for the six months ended June 30, 2019 to a net expense of €264 million for the six months ended June 30, 2020. This change was due primarily to the net effect of remeasurements at fair value of non-hedging derivative instruments (including the GPA TRS).

Profit (loss) before tax

Profit (loss) before tax decreased by €189 million from a net loss of €125 million for the six months ended June 30, 2019 to a net loss of €314 million for the six months ended June 30, 2020, as a result of the factors discussed above.

Income tax expense

Income tax expense decreased by €37 million from a net expense of €24 million for the six months ended June 30, 2019 to a net benefit of €12 million for the six months ended June 30, 2020. Income tax was primarily driven by the decrease in the profit before tax. This impact was partially offset by the increase in non-deductible interest expenses and the impact of the change in corporate tax rate.

Share of profit of equity-accounted investees

Share of profit of equity-accounted investees decreased from €22 million for the six months ended June 30, 2019 to €15 million for the six months ended June 30, 2020. This decrease was mainly due to the performance of equity-accounted investees in the Latam Retail segment, whose contribution declined by €5 million between the two periods.

Net profit/(loss) from continuing operations

Net profit/(loss) from continuing operations decreased by €160 million from a net loss of €127 million for the six months ended June 30, 2019 to a net loss of €287 million for the six months ended June 30, 2020, for the reasons described above. Net profit/(loss) from continuing operations, attributable to owners of the parent, decreased by €162 million from a net loss of €172 million for the six months ended June 30, 2019 to a net loss of €334 million for the six months ended June 30, 2020, primarily reflecting mostly non-recurring financial expenses in the France Retail segment.

Year ended December 31, 2019 compared to year ended December 31, 2018

The table below sets out our results of operations from continuing operations for the years ended December 31, 2018 and 2019.

	For the year ended December 31,	
	2018 Restated [1]	**2019**
	Post-IFRS 16	
	in millions of euros	
CONTINUING OPERATIONS		
Net sales	34,329	34,645
Other revenue	533	665
Total revenue	**34,862**	**35,310**

	For the year ended December 31,	
	2018 Restated [(1)]	2019
	Post-IFRS 16	
	in millions of euros	
Cost of goods sold	(25,899)	(26,547)
Gross margin	**8,963**	**8,764**
Selling, general and administrative expenses	(7,599)	(7,471)
Trading profit	**1,364**	**1,292**
Other operating income and expenses	(402)	(719)
Operating profit	**962**	**574**
Income from cash and cash equivalents	37	39
Finance costs	(356)	(396)
Net finance costs	**(320)**	**(356)**
Other financial income and expenses	(356)	(394)
Profit before tax	**286**	**(176)**
Income tax expense	(188)	(137)
Share of profit of equity-accounted investees	60	46
Net profit from continuing operations	**159**	**(268)**
Attributable to non-controlling interests	218	116
Net profit/(loss) from continuing operations, attributable to owners of the parent	**(60)**	**(384)**
EBITDA	**2,669**	**2,640**

(1) Restated to reflect: (i) the retrospective application of IFRS 16 – Leases (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"), (ii) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5 and (iii) a change in the method of presenting costs to obtain contracts (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*"). See notes 1.3.1 and 1.3.2 to our audited annual consolidated financial statements as of and for the year ended December 31, 2019.

Net sales

Net sales increased by €317 million, or 0.9%, from €34,329 million for the year ended December 31, 2018 to €34,645 million for the year ended December 31, 2019. This increase was primarily due to an increase in Latam Retail net sales and stable E-commerce net sales, which were partially offset by a decrease in France Retail net sales.

On an organic basis, consolidated net sales would have grown by 4.2%, and on a same-store basis, net sales would have grown by 2.2%.

France Retail

France Retail net sales decreased by €465 million, or 2.8%, from €16,786 million for the year ended December 31, 2018 to €16,322 million for the year ended December 31, 2019. On an organic basis, France Retail net sales decreased by 0.7%, and on a same-store basis, France Retail net sales grew by 0.3%.

Sales performance by format over the period was as follows:

- Monoprix net sales grew by €29 million, or 0.6%, from €4,519 million for the year ended December 31, 2018 to €4,548 million for the year ended December 31, 2019. On an organic basis, Monoprix net sales grew by 0.4%. On a same-store basis, Monoprix net sales grew by 0.2%. The E-commerce channel was particularly strong, buoyed by the success of the partnership with Amazon Prime Now, which was extended during the year to cover new towns and cities as well as Naturalia products. The banner accelerated the deployment of its autonomous stores which allow extended opening hours. The Naturalia format dedicated to organic products saw further growth.

- Supermarket net sales decreased by €83 million, or 2.6%, from €3,225 million for the year ended December 31, 2018 to €3,142 million for the year ended December 31, 2019. On an organic basis, supermarket net sales decreased by 1.6%. On a same-store basis, net sales grew by 0.6%. Casino Supermarkets saw significant growth in sales of organic products over the year. The banner continued to develop its autonomous stores and its in-store digital solutions, including the highly successful Casino Max app. In addition, e-commerce channels continued to grow.

- Franprix net sales decreased by €78 million, or 4.9%, from €1,604 million for the year ended December 31, 2018 to €1,526 million for the year ended December 31, 2019. On an organic basis, Franprix net sales decreased by 2.9%. On a same-store basis, Franprix net sales remained stable. Franprix continued to roll out its autonomous stores, to develop its non-food offer, primarily through its partnership with Hema, and to strengthen its organic range and catering services, thereby increasing customer traffic. Franprix earned 50 awards in 2019, both for its ongoing innovation across the board (concepts, products, HR initiatives) and for its partnerships.

- Convenience net sales grew by €4 million, or 0.3%, from €1,313 million for the year ended December 31, 2018 to €1,317 million for the year ended December 31, 2019. On an organic basis, Convenience net sales grew by 1%. On a same-store basis, Convenience net sales grew by 1.6%. The Convenience format continued to optimize its model, with an increasing number of stores operated on a franchise basis. The format enhanced its private label, with sales of organic products posting significant growth over the year, while developing its autonomous stores.

- Géant Hypermarkets net sales decreased by €191 million, or 4.2%, from €4,537 million for the year ended December 31, 2018 to €4,345 million for the year ended December 31, 2019. On an organic basis, Géant Hypermarkets net sales grew by 1.1%. On a same-store basis, Géant Hypermarket net sales grew by 0.7%. Géant Hypermarkets saw a positive annual trend led by organic products, e-commerce, the roll-out of "shops-in-shops", and digital initiatives such as Casino Max. In addition, the banner continued to deploy autonomous stores.

- The Data and Data Centers division of our France Retail segment, which includes relevanC and ScaleMax, generated €61 million in cumulative net sales, up 51% from 2018, due to an expansion in activities. During 2019, 3W.relevanC and Maxit were merged under the relevanC brand, and new products were launched, including the TV2Store in partnership with Orange and the Smart Couponing platform. In addition, Scalemax opened its first computing center in Ile-de-France and signed its first major contract with BNP Paribas.

E-commerce

E-commerce net sales were stable, increasing by €1 million from €1,965 million for the year ended December 31, 2018 to €1,966 million for the year ended December 31, 2019. This was primarily driven by an increase in GMV of €253 million, or 7%, from €3,646 million for the year ended December 31, 2018 to €3,899 million for the year ended December 31, 2019. On an organic basis, GMV grew by 9.1% during 2019.

Growth in E-commerce GMV was driven primarily by the following factors:

- ongoing expansion of the marketplace, which contributed 38.1% of GMV, an increase of 3.7 percentage points over 2018; and

- growth in Cdiscount's B2C services, which contributed 3.4 percentage points to GMV growth during 2019.

The contribution of mobile solutions to GMV was 5.5 percentage points higher during 2019, at 49.5%. Further, Cdiscount consolidated its status as the number two player in France in terms of monthly unique visitors, with more than 22 million UMVs on average over the third quarter of 2020.

Latam Retail

Latam Retail net sales increased by €780 million, or 5.0%, from €15,577 million for the year ended December 31, 2018 to €16,358 million for the year ended December 31, 2019, as explained below.

On an organic basis, Latam Retail net sales increased by 9.7%, and on a same-store basis, Latam Retail net sales increased by 4%.

Sales by GPA Food in Brazil rose 11.0% on an organic basis and 3.2% on a same-store basis, excluding fuel and calendar effects.

- Multivarejo continues to optimize its store portfolio. 92 Extra Super stores, or 70% of the portfolio, were converted in the year, bringing the total to 100 Mercado Extra stores and 28 Compre Bem stores. 20 Pão de Açucar stores were renovated during the year, bringing the total number of new-generation stores to 46, representing 40% of the banner's sales. In the convenience format, 10 new Minuto Pao de Açucar stores were opened. Sales have now been on an uptrend for seven consecutive quarters. A new segmentation of the Hypermarchés Extra store portfolio has been established, separating out high-performing stores from stores to be optimized in the portfolio. These underperforming stores may be ultimately converted to the Assaí format or may be sold.

- Assaí (Cash & Carry) sales were up 21.5% on an organic basis, buoyed by the excellent results of the 22 stores opened in the year and store expansions in previous years, as well as by a good same-store performance. Retail space increased by 20%. Assaí now represents over 51% of GPA's sales in Brazil, underlining the pertinence of its business model. Over the past five years, the Company's net sales have tripled and it now has a market share of 28.5%, a rise of 750 basis points over the period.

In addition, GPA continued to pursue its omni-channel strategy. The food E-commerce format reported annual growth of 40%, led by expansion of express delivery and click & collect services.

Grupo Éxito net sales were up by 6.2% on an organic basis and by 6.0% on a same-store basis, buoyed by the success of the Éxito Wow, Carulla Fresh Market and Surtimayorista formats.

Other revenue

Other revenue increased by €132 million, or 24.8%, from €533 million for the year ended December 31, 2018 to €665 million for the year ended December 31, 2019, for the reasons described below.

France Retail other revenue increased by €112 million, or 29.3%, from €382 million for the year ended December 31, 2018 to €494 million for the year ended December 31, 2019, primarily due to an increase in property development sales and in property trading activity in France (which is by its nature subject to volatility due to the number of ongoing projects at any given point in time) and an increase in GreenYellow revenue. Latam Retail other revenue increased by €20 million, or 13.2%, from €151 million for the year ended December 31, 2018 to €171 million for the year ended December 31, 2019, mainly due to an increase in rental and property development revenue.

Gross margin

Gross margin decreased by €199 million, or 2.2%, from €8,963 million for the year ended December 31, 2018 to €8,764 million for the year ended December 31, 2019, for the reasons discussed below. As a percentage of total revenue, gross margin slightly decreased from 25.7% in 2018 to 24.8% in 2019.

In France Retail, gross margin as a percentage of total revenue remained largely stable, increasing by 0.1 percentage points.

Our E-commerce segment's gross margin as a percentage of total revenue increased by 2.9 percentage points. Gross margin benefited from the increased share of marketplace sales in Cdiscount's GMV and associated commissions, continued growth in monetization revenues and improvements in core business profitability.

In Latam Retail, gross margin as a percentage of total revenue decreased by 2.1 percentage points, due to the one-off effect of tax credits during the year ended December 31, 2018, as well as higher relative proportion of sales from Assaí, which operates with a lower margin.

SG&A

SG&A decreased by €128 million, or 1.7%, from €7,599 million for the year ended December 31, 2018 to €7,471 million for the year ended December 31, 2019. In France Retail, SG&A decreased by €143 million, or 3.1%, from €4,548 million for the year ended December 31, 2018 to €4,405 million for the year ended December 31, 2019, due to the impacts of changes in consolidation scope following disposals made pursuant to the Rocade Plan. E-commerce SG&A increased by €40 million, or 18.6%, from €216 million for the year ended December 31, 2018 to €256 million for the year ended December 31, 2019. In Latam Retail, at actual exchange rates, SG&A decreased by €10 million, or 0.3%, and at constant exchange rates, it would have increased by €133 million, or 4.3%. This increase was primarily due to an increase in SG&A in line with growth in sales at Assaí.

Trading profit

As a result of the foregoing, trading profit decreased by €72 million, or 5.3%, from €1,364 million for the year ended December 31, 2018 to €1,292 million for the year ended December 31, 2019, primarily as a result of a decrease in the trading profit of our Latam Retail segment, which was only partially offset by increases in the other segments' trading profit, for the reasons set forth below. At constant exchange rates, trading profit decreased by 3.1%. Excluding the impact of tax credits in Brazil of €111 million in 2018 (there was no impact in 2019), trading profit increased by 3.2% on an as-reported basis and 5.5% on an organic basis. As a percentage of net sales, trading profit decreased from 4.0% for the year ended December 31, 2018 to 3.7% for the year ended December 31, 2019.

France Retail

Trading profit for our France Retail segment increased by €58 million, or 9.4%, from €618 million for the year ended December 31, 2018 to €676 million for the year ended December 31, 2019, due primarily to improved retail trading profit and the development of additional businesses (including GreenYellow and relevanC). As a percentage of France Retail net sales, France Retail trading profit increased from 3.7% for the year ended December 31, 2018 to 4.1% for the year ended December 31, 2019.

Trading profit for the retail business excluding property development trading increased from €557 million for the year ended December 31, 2018 to €622 million for the year ended December 31, 2019, an increase of 11.6%.

E-commerce

Trading profit for our E-commerce segment increased by €16 million from a loss of €12 million for the year ended December 31, 2018 to a profit of €4 million for the year ended December 31, 2019. This increase was primarily due to strong growth in the marketplace and a solid expansion of monetization revenues, along with continued improvements of core business profitability.

Latam Retail

Trading profit for our Latam Retail segment decreased by €146 million, or 19.3%, from €758 million for the year ended December 31, 2018 to €612 million for the year ended December 31, 2019. On an organic basis, Latam Retail profit decreased by 14.2%. As a percentage of Latam Retail net sales, Latam Retail trading profit decreased from 4.9% for the year ended December 31, 2018 to 3.7% for the year ended December 31, 2019.

The change in Latam Retail trading profit was primarily impacted by the recognition of tax credits in Brazil in 2018 (with none in 2019), and negative currency impact of nearly 4%. Excluding tax credits and currency effects, Latam Retail trading profit remained stable at €642 million.

At GPA, Multivarejo's trading margin was impacted by investments in promotional campaigns, while Assaí's trading margin excluding tax credits increased by approximately 0.2%. At Grupo Éxito, trading margin improved by approximately 0.2%, led by the success of new concepts and E-commerce.

Other operating income and expenses

Other operating net expenses increased by €317 million, or 78.9%, from a net expense of €402 million for the year ended December 31, 2018 to a net expense of €719 million for the year ended December 31, 2019. The increase was primarily attributable to the France Retail segment, as other operating income and expenses decreased for the Latam Retail segment. In the France Retail segment, other operating income and expenses for the year ended December 31, 2019 represented a net expense of €619 million. This included an increase in non-recurring costs, which was mainly non-cash (€200 million) and was related to the Asset Disposal Plan. Cash expenses under the Rocade Plan (€95 million) were funded by disposals of our loss-making stores. Excluding the Rocade Plan, restructuring costs fell sharply (down 51% compared to 2018). For the year ended December 31, 2018, other operating income and expenses included a net expense of €292 million in France Retail, which was mainly due to restructuring costs incurred to complete major store transformation plans.

Net finance costs

Net finance costs increased by €37 million, or 11.5%, from a net expense of €320 million for the year ended December 31, 2018 to a net expense of €356 million for the year ended December 31, 2019. This increase resulted from an increase in interest expense on borrowings, as well as a slight decrease in interest income on cash and cash equivalents.

Other financial income and expenses

Other financial income and expenses increased by €37 million, or 10.5%, from a net expense of €356 million for the year ended December 31, 2018 to a net expense of €394 million for the year ended December 31, 2019. This change was due primarily to the net effect of remeasurements at fair value of non-hedging derivative instruments (including the GPA TRS).

Profit before tax

Profit before tax decreased from a net profit of €286 million for the year ended December 31, 2018 to a net loss of €176 million for the year ended December 31, 2019, as a result of the factors discussed above.

Income tax expense

Income tax expense decreased by €51 million from €188 million for the year ended December 31, 2018 to €137 million for the year ended December 31, 2019. Income tax expense was primarily driven by the decrease in profit before tax and was also impacted by (i) the tax-exempt competitiveness and employment tax credit ("**CICE**") to which French companies were entitled until 2018, which was replaced as from January 1, 2019 with a reduction in an employer's payroll-based contribution that increased our tax base, as well as (ii) a lower level of recognition of previously unrecognized tax benefits on tax losses and other deductible temporary differences in 2019 compared to 2018.

Share of profit of equity-accounted investees

Share of profit of equity-accounted investees decreased to €46 million for the year ended December 31, 2019 from €60 million for the year ended December 31, 2018. This decrease was mainly due to the performance of equity-accounted investees in the Latam Retail segment, whose contribution declined by €12 million between the two periods.

Net profit/(loss) from continuing operations

Net profit/(loss) from continuing operations decreased from a net profit of €159 million for the year ended December 31, 2018 to a net loss of €268 million for the year ended December 31, 2019, for the reasons described above. Net profit/(loss) from continuing operations, attributable to the owners of the parent, decreased from a net loss of €60 million for the year ended December 31, 2018 to a net loss of €384 million for the year ended December 31, 2019, reflecting an increase in non-recurring non-cash costs relating to the Asset Disposal Plan.

Year ended December 31, 2018 compared to year ended December 31, 2017

The table below sets out our results of operations from continuing operations for the years ended December 31, 2017 and 2018.

	For the year ended December 31,	
	2017 Restated (1)(2)	2018 (2)
	Pre-IFRS 16	
	in millions of euros	
CONTINUING OPERATIONS		
Net sales	37,490	36,604
Other revenue	555	532
Total revenue	**38,045**	**37,136**
Cost of goods sold	(28,555)	(27,831)
Gross margin	**9,490**	**9,305**
Selling, general and administrative expenses	(8,277)	(8,095)
Trading profit	**1,213**	**1,209**
Other operating income and expenses	(480)	(375)
Operating profit	**732**	**834**
Income from cash and cash equivalents	81	37
Finance costs	(449)	(364)
Net finance costs	**(367)**	**(327)**
Other financial income and expenses	(78)	(138)
Profit before tax	**286**	**369**
Income tax expense	(48)	(204)
Share of profit of equity-accounted investees	13	17
Net profit from continuing operations	**251**	**182**
Attributable to non-controlling interests	143	227
Net profit/(loss) from continuing operations, attributable to owners of the parent	**108**	**(45)**
EBITDA	**1,900**	**1,865**

(1) Restated to reflect the retrospective application of IFRS 15 – Revenue from Contracts with Customers. See "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 15 – Revenue from Contracts with Customers*" and notes 1.3.1 and 1.3.3 to our audited annual consolidated financial statements as of and for the year ended December 31, 2018.

(2) Not restated to reflect the application of IFRS 16.

Net sales

Net sales decreased by €886 million, or 2.4%, from €37,490 million for the year ended December 31, 2017 to €36,604 million for the year ended December 31, 2018. This decrease was primarily due to a decrease in Latam Retail net sales due to a negative foreign exchange effect, which was partially offset by increases in E-commerce and France Retail net sales.

On an organic basis, consolidated net sales would have grown by 4.7%, and on a same-store basis, net sales would have grown by 3.0%.

France Retail

France Retail net sales increased by €262 million, or 1.4%, from €18,799 million for the year ended December 31, 2017 to €19,061 million for the year ended December 31, 2018. On an organic basis, France Retail net sales grew by 1.2%, and on a same-store basis, France Retail net sales grew by 1.3%. Growth in France Retail net sales was driven by growth in most of our banners due to a wide range of operational improvements and growth in our network, as described below.

Sales performance by format over the period was as follows:

- Monoprix net sales grew by €153 million, or 3.5%, from €4,366 million for the year ended December 31, 2017 to €4,519 million for the year ended December 31, 2018. On an organic basis, Monoprix net sales grew by 1.7%. On a same-store basis, Monoprix net sales grew by 1.1%. Monoprix growth was driven by growth in food sales on a same-store basis, particularly those of organic products, and growth in customer traffic on a same-store basis. Monoprix's online sales continued to grow rapidly, supported by the integration of its Sarenza acquisition and the ramp-up of Monoprix's partnership with Amazon Prime Now. Moreover, Monoprix pursued its ambitious expansion program in 2018, opening 37 stores on a gross basis, including 24 Naturalia stores (of which 6 were franchisees); on a net basis, the Monoprix network increased by 6 stores.
- Supermarket net sales grew by €33 million, or 1.0%, from €3,192 million for the year ended December 31, 2017 to €3,225 million for the year ended December 31, 2018. On an organic basis, supermarket net sales grew by 1.4%. On a same-store basis, net sales grew by 1.3%. This growth was driven by the conversion of stores to a more upscale concept and strong growth in the sale of organic products, as well as the growth of its e-commerce channel at our supermarkets.
- Franprix net sales grew by €6 million, or 0.4%, from €1,598 million for the year ended December 31, 2017 to €1,604 million for the year ended December 31, 2018. On an organic basis, Franprix net sales grew by 1.5%. On a same-store basis, Franprix net sales grew 1.2%. Franprix's growth was due in part to increased customer traffic (which was up 2.4% for the year), growth in the network and the deployment of stores that operated on a cashier-free, autonomous basis for part of the week, allowing for longer opening times and higher sales, which was partially offset by a decrease in average basket size.
- Convenience net sales grew by €49 million, or 3.9%, from €1,263 million for the year ended December 31, 2017 to €1,313 million for the year ended December 31, 2018. On an organic basis, convenience net sales grew by 4.1%. On a same-store basis, convenience net sales grew by 1.7%, driven by positive market trends and the success of its loyalty programs, including the Casino Max app rolled out to all integrated stores. The banner restructured its offering, focusing on fresh and organic products, qualitative services (such as bulk groceries, juice machines, fresh-cut fruits and vegetables) were developed and a new green grocery store format, "Un Tour au Jardin", was opened on a trial basis in Lyon.
- Leader Price net sales declined by €49 million, or 1.9%, from €2,536 million for the year ended December 31, 2017 to €2,487 million for the year ended December 31, 2018, due primarily to disposals of stores in the network, store closures as a part of the Rocade Plan and negative Calendar Effects. On an organic basis, Leader Price net sales declined by 0.5%, due primarily to store closures as part of our Rocade Plan. On a same-store basis, Leader Price net sales grew by 1.8%. Same-store sales were boosted by the continued conversion of stores to the new Next concept, with the 112

stores that were already converted as of December 31, 2018 outperforming the other stores in the network. The banner also continued to restructure its offering by expanding its organic and fresh product ranges, adding service counters, revamping its product packaging and rolling out the Sooa beauty and wellness private label brand.

- Géant Hypermarkets net sales grew by €128 million, or 2.9%, from €4,409 million for the year ended December 31, 2017 to €4,537 million for the year ended December 31, 2018. On an organic basis, Géant hypermarkets net sales grew by 2.2%. On a same-store basis, Géant hypermarket net sales grew by 1.9%. This performance was driven by a 3.4% increase in food sales, led by sales of organic products (up 26.9%) and fresh products. The 49 hypermarkets featuring Cdiscount "shop-in-shops" outperformed the other stores in the network. In addition, the banner grew its e-commerce sales by 16.5% over the year, by leveraging the operational excellence of its drive-through service and the ramp-up of the Casino Max app. Finally, Sunday opening hours and promotional events also contributed to the banner's healthy sales trend.

E-commerce

E-commerce net sales increased by €57 million from €1,908 million for the year ended December 31, 2017 to €1,965 million for the year ended December 31, 2018. This was primarily driven by an increase in GMV of €342 million, or 10.4%, from €3,304 million for the year ended December 31, 2017 to €3,646 million for the year ended December 31, 2018.

Growth in E-commerce GMV was driven primarily by the following factors:

- ongoing expansion of the marketplace, which contributed 34.3% of GMV. The number of references available on the marketplace rose 37% compared with 2017. Sales for which we provided fulfillment services represented 21% of marketplace GMV, up 63% over the year;

- a 23% increase in monetization revenues, driven by the advertising and financial services sectors, among which the "Coup de Pouce" instant loan offer was up 67%. Four new commission-based B2B2C services were successfully launched in 2018 (travel, energy, ticketing and leasing);

- the strong performance delivered by Cdiscount shop-in-shops, located in 49 stores as of December 31, 2018; and

- the success of sales events organized during the year, including Black Friday, French Days and events to mark the banner's anniversary.

The banner consolidated its status as the number two player in terms of monthly unique visitors via computer or mobile phone, extending its lead over its closest competitor. In the fourth quarter of 2018, the number of monthly unique visitors to sites consolidated under our E-commerce segment totaled 21 million, representing nearly one-third of the French population. The Cdiscount mobile app accounted for 63% of customer traffic in 2018.

Latam Retail

Latam Retail net sales decreased by €1,205 million, or 7.2%, from €16,782 million for the year ended December 31, 2017 to €15,577 million for the year ended December 31, 2018, as explained below.

On an organic basis, Latam Retail net sales increased by 8.9%, and on a same-store basis, Latam Retail net sales increased by 4.5%.

GPA net sales declined by €917 million, or 7.4%, from €12,333 million for the year ended December 31, 2017 to €11,416 million for the year ended December 31, 2018, due primarily to the growth of Assaí, partially offset by a negative foreign exchange impact. On an organic basis, GPA net sales increased by 10.6%, and on a same-store basis, GPA net sales increased by 5.0%.

- Multivarejo (hypermarkets, supermarkets and convenience) reported same-store growth of 3.6%. Same-store sales growth accelerated at Extra Supermarkets, lifted by conversions to the new Mercado Extra and Compre Bem formats. Same-store sales by the Convenience network increased steadily over the year, due to a new marketing plan (including a revamped assortment, exploitation of sales event synergies with Extra and Pão de Açúcar and steps to strengthen the private label). Pão de Açúcar growth continued, due in part to the conversions of stores to a new "Generation 7" format. The converted stores are growing significantly faster than the rest of the store network. The banner also deployed a new wine store concept "Pão de Açúcar Adega", combining a specialized store, an e-commerce platform and a mobile app. Multivarejo also focused on repositioning its private labels, which are increasingly in demand among customers of its hypermarkets, supermarkets and convenience stores, and deployed a total of 500 new private-label products this year. Finally, the banner pursued the roll-out of its digital solutions based on the "My Discount" app, which had been downloaded 7.5 million times as of December 31, 2018.

- Assaí (cash & carry) reported organic growth of 24.2% (its sixth consecutive year of organic growth above 20%) and same-store growth of 8.1% in 2018, due to the success of its format among customers and the expansion of the Assaí network.

- Grupo Éxito net sales decreased by €296 million, or 6.7%, from €4,449 million for the year ended December 31, 2017 to €4,153 million for the year ended December 31, 2018, due primarily to the impact of exchange rates. On an organic basis, Grupo Éxito's net sales grew by 4.2% in 2018. On a same-store basis, Grupo Éxito's net sales grew by 3.1% in 2018. Grupo Éxito's growth was due in large part to continued roll-out of new formats and concepts, together with the growth of complementary businesses and omni-channel sales. Grupo Éxito, through its Surtimayorista banner, continued to develop the cash & carry format in Colombia. Nine Surtimayorista stores opened during 2018 (on a net basis) as a result of the conversion of existing stores. These stores doubled their sales following their conversion. Grupo Éxito also continued to enjoy growth from the deployment of new concepts under its Carulla banner and Éxito hypermarkets. Moreover, Grupo Éxito continued to develop its complementary businesses, such as property development with the delivery of the Viva Envigado and Viva Tunja projects in October 2018. The property network now totals approximately 735,000 square meters. Lastly, the Group pursued its omni-channel strategy with sales growth in e-commerce in Colombia.

Other revenue

Other revenue decreased by €23 million, or 4%, from €555 million for the year ended December 31, 2017 to €532 million for the year ended December 31, 2018, for the reasons described below.

France Retail other revenue decreased by €16 million, or 4%, from €397 million for the year ended December 31, 2017 to €381 million for the year ended December 31, 2018, primarily due to a decrease in property development sales and in property trading activity in France (which is by its nature subject to volatility due to the number of ongoing projects at any given point in time) and is unrelated to the Asset Disposal Plan and the Rocade Plan. Latam Retail other revenue decreased by €7 million, or 4%, from €158 million for the year ended December 31, 2017 to €151 million for the year ended December 31, 2018, mainly due to the negative impact of depreciation of the Brazilian real and the Colombian peso in 2018, which was partially offset by the positive effect of the development of real estate projects in Colombia.

Gross margin

Gross margin decreased by €185 million, from €9,490 million for the year ended December 31, 2017 to €9,305 million for the year ended December 31, 2018, for the reasons discussed below. As a percentage of total revenue, gross margin remained flat at 24.9% in 2017 and 25.1% in 2018.

In France Retail, gross margin as a percentage of total revenue increased by 1 percentage point, due to improvements in our mix of concepts, geographies and products.

Our E-commerce segment's gross margin as a percentage of total revenue increased by 2 percentage points in 2018, due to the increased share of Cdiscount's GMV attributable to its marketplace, which is a higher margin source of revenue for us.

In Latam Retail, gross margin rate decreased by 1 percentage point, mainly due to the lower impact of tax credits on cost of goods sold in Brazil in 2018 compared with 2017. In addition, the growth of Assaí's share of GPA's business negatively impacts gross margin, as its overall business model has lower margins.

During the years ended December 31, 2017 and 2018, GPA recognized certain tax credits in Brazil. Such tax credits were first recognized in application of an October 2016 ruling by Brazil's supreme federal court regarding the assessment basis for certain taxes, which allowed GPA to apply for a refund from the Brazilian state administrations. During the year ended December 31, 2017, BRL 723 million (€201 million) for such tax credits were recognized by GPA during the year, which were reflected in our results of operations as a corresponding reduction in cost of goods sold. During the year ended December 31, 2018, GPA recognized only BRL 481 million (€111 million) of such tax credits, which were reflected in our results of operations as a corresponding reduction in its cost of goods sold.

SG&A

SG&A decreased by €182 million, or 2%, from €8,277 million for the year ended December 31, 2017 to €8,095 million for the year ended December 31, 2018. In France Retail, SG&A increased by €222 million, or 4.7%, from €4,729 million for the year ended December 31, 2017 to €4,951 million for the year ended December 31, 2018, resulting from the impacts of perimeter effects in Monoprix (including the acquisition of Sarenza in the first half of 2018 and impacts of the expansion of the network in 2017 and 2018), the development of GreenYellow and other operational initiatives such as the extension of opening hours. E-commerce SG&A increased by €21 million, or 11%, from €194 million for the year ended December 31, 2017 to €215 million for the year ended December 31, 2018, in line with its 10% increase in GMV. In Latam Retail, at actual exchange rates, SG&A decreased by €387 million, or 11%, and at constant exchange rates they would have increased by €181 million, or 5%. Of such increase at constant exchange rates, the increase of SG&A at Assaí, the SG&A of which grew by 23%, in line with its 24% increase in sales, alone represented 4 percentage points, and Grupo Éxito's Argentine business, the SG&A of which increased by 29% due to inflation, represented 1 percentage point of this increase.

Trading profit

As a result of the foregoing, trading profit decreased by €4 million, or 0.3%, from €1,213 million for the year ended December 31, 2017 to €1,209 million for the year ended December 31, 2018, as a result of the factors discussed in the segment discussion below. On an organic basis, trading profit increased by 9.8%. Excluding the impact of tax credits in Brazil of €201 million in 2017 and €111 million in 2018, trading profit increased by 8.5% on an as-reported basis and 18.0% on an organic basis. As a percentage of net sales, trading profit increased from 3.2% for the year ended December 31, 2017 to 3.3% for the year ended December 31, 2018.

France Retail

Trading profit for our France Retail segment increased by €43 million, or 7.9%, from €536 million for the year ended December 31, 2017 to €579 million for the year ended December 31, 2018, due primarily to improved retail trading profit and the development of additional businesses (including GreenYellow and 3W.relevanC), offset partially by a decline in property development trading profit. As a percentage of France Retail net sales, France Retail trading profit increased from 2.9% for the year ended December 31, 2017 to 3.0% for the year ended December 31, 2018.

Trading profit for the retail business excluding property development trading amounted to €518 million, reflecting organic growth at constant exchange rates of 15.7% that was attributable to an improved margin mix, the optimization of the store base and our banners' success in signing up new store operators and franchisees. Property development trading profit was €61 million in 2018, compared with €87 million in 2017.

E-commerce

Trading loss for our E-commerce segment decreased by €23 million from a loss of €37 million for the year ended December 31, 2017 to a loss of €14 million for the year ended December 31, 2018. As a percentage of E-commerce net sales, E-commerce trading loss decreased from 1.9% for the year ended December 31, 2017 to 0.7% for the year ended December 31, 2018. This decrease was primarily due to an increased marketplace share, higher revenues from relatively higher margin monetization of its marketplace, data, traffic, customer and logistics assets and an optimized pricing and shipping strategy.

Latam Retail

Trading profit for our Latam Retail segment decreased by €69 million, or 9.7%, from €713 million for the year ended December 31, 2017 to €644 million for the year ended December 31, 2018. On an organic basis, Latam Retail trading profit increased by 7.1%. As a percentage of Latam Retail net sales, Latam Retail trading profit decreased from 4.2% for the year ended December 31, 2017 to 4.1% for the year ended December 31, 2018. Latam Retail trading profit was primarily impacted by the recognition of tax credits in Brazil, as described in further detail above. Excluding the impact of these tax credits, Latam Retail trading profit increased primarily due to the continued strong performance of Assaí, the success of new formats in Brazil and Colombia and efforts to optimize store costs and reduce expenses generally in Brazil.

Other operating income and expenses

Other operating expenses decreased by €105 million, or 21.9%, from a net expense of €480 million for the year ended December 31, 2017 to a net expense of €375 million for the year ended December 31, 2018. For the year ended December 31, 2018, other operating income and expenses included a net expense of €263 million, which was mainly due to restructuring costs incurred to complete major store transformation plans (such as the conversion of Leader Price stores to the "Next" concept, the conversion of Franprix stores to the "Mandarine" concept and development of proximity formats). Other operating expenses also included non-recurring expenses related to closures of loss-making stores pursuant to the Rocade Plan. In 2017, net operating expense mainly comprised costs related to (i) the reduction of Géant retail space, (ii) the roll-out of the Mandarine concept across our Franprix stores, (iii) the overhaul of our catering business and (iv) the streamlining of our convenience stores network.

Net finance costs

Net finance costs decreased by €40 million, or 10.9%, from a net expense of €367 million for the year ended December 31, 2017 to a net expense of €327 million for the year ended December 31, 2018. This decrease resulted from a decrease in interest expense on borrowings and on finance lease liabilities of €85 million mainly driven by lower interest rates in Brazil and Colombia, partially offset by a decrease in interest income on cash and cash equivalents of €44 million related to the repatriation into France of cash held in Brazilian reais.

Other financial income and expenses

Other financial income and expenses increased by €60 million, or 75.9% from a net expense of €78 million for the year ended December 31, 2017 to a net expense of €138 million for the year ended December 31, 2018. This change was due primarily to the net effect of remeasurements at fair value of non-hedging derivative instruments (including a TRS and a forward contract on CBD shares) and the impact of applying IAS 29 to our operations in Argentina to account for hyperinflation.

Profit before tax

Profit before tax increased by €83 million, or 29%, from a net profit of €286 million for the year ended December 31, 2017 to a net profit of €369 million for the year ended December 31, 2018, as a result of the factors discussed above.

Income tax expense

Income tax expense increased by €156 million from a net expense of €48 million for the year ended December 31, 2017 to a net expense of €204 million for the year ended December 31, 2018. In addition to an increase in our profit before tax, income tax expense in 2018 was impacted by (i) non-deductible non-recurring expenses recorded in 2018 related to currency conversion differences previously accounted for in equity and subsequently recognized in our income statement in 2018 in accordance with IAS 21, (ii) the effect of a €60 million benefit recorded in 2017 due to a reimbursement of a tax on dividends and (iii) a tax expense on Monoprix real estate assets sold in 2018, to which an effective tax rate of 34.43% applied, but for which we had recorded deferred tax liabilities based on a projected 2022 tax rate of 25.83% based on the most recent tax legislation.

Share of profit of equity-accounted investees

Share of profit of equity-accounted investees increased from €13 million for the year ended December 31, 2017 to €17 million for the year ended December 31, 2018. This increase was related to an increase in the contribution of equity-accounted investees in the Latam Retail segment, partially offset by a decrease in the Group's share of profit of equity-accounted Franprix-Leader Price investees.

Net profit/(loss) from continuing operations

Net profit/(loss) from continuing operations decreased by €69 million from a net profit of €251 million for the year ended December 31, 2017 to a net profit of €182 million for the year ended December 31, 2018, for the reasons described above. Net profit/(loss) from continuing operations, attributable to the Group, decreased by €153 million from a net profit of €108 million for the year ended December 31, 2017 to a net loss of €45 million for the year ended December 31, 2018, principally due to higher income tax of €156 million. In 2018, the non-deductibility of certain non-recurring expenses resulted in an increase of €62 million in tax charges, while in 2017, we benefited from a one-off €60 million tax benefit related to a refund of dividend tax in France.

Liquidity and Capital Resources

We use cash to pay for working capital requirements, taxes, interest and dividend payments, capital expenditures and acquisitions and to service our indebtedness in accordance with repayment schedules.

Our sources of financing consist mainly of the following:

- cash generated from our operating activities and asset disposals;
- borrowings under our confirmed credit facilities, overdraft facilities and commercial paper program (as of June 30, 2020, the Issuer had confirmed, the Group's undrawn lines of €2,420 million); and
- net proceeds from our outstanding debt securities and any other debt securities that we may issue in the future.

As of September 30, 2020, as adjusted to give effect to the Transactions, our France Retail and E-commerce adjusted gross debt would have amounted to €4,986 million and our France Retail and E-commerce adjusted net debt would have amounted to €4,687 million.

On a combined basis and including the Segisor Credit Facility, France Retail and E-Commerce adjusted gross debt increased from €5,776 million as of June 30, 2020 to €5,974 as of September 30, 2020. This was mostly due to seasonal variation in working capital requirements, usually negative in the third quarter. As of September 30, 2020, liquidity in these two segments was €3.0 billion, comprising €646 million in cash and cash equivalents (a decrease from €950 million in cash and cash equivalents as of June 30, 2020), and €2,331 million in undrawn confirmed credit lines. Over the quarter, the increase in EBITDA and the impact of a recovery in fuel sales on working capital contributed to an improvement in cash generation of €130 million over the same period in 2019. In addition to drawings under the Term Loan B Facility Agreement and the Senior Secured Notes, our gross debt as of September 30, 2020 included €335 million in commercial paper (an increase from €91 million as of September 30, 2019), with no credit lines drawn (as opposed to €875 million drawn as of September 30, 2019).

France Retail Assets Classified under IFRS 5

We hold a number of assets on balance sheet that are treated in accordance with IFRS 5 – Non-current assets held for sale and discontinued operations. IFRS 5 allows companies to classify certain assets as held for sale, and therefore presented separately in the company's statement of financial position, among other consequences, when a disposal occurs or is planned, including distribution of non-current assets to shareholders, and certain criteria defined in IFRS 5 are met. The held-for-sale criteria in IFRS 5 apply to non-current assets (or disposal groups) whose value will be recovered principally through sale rather than through continuing use. The criteria do not apply to non-current assets that are being scrapped, wound down or abandoned. As of June 30, 2020, we had €1,422 million in assets classified under IFRS 5 on our balance sheet in our France Retail segment. These were primarily related to the Asset Disposal Plan, the Rocade Plan and the Leader Price Disposal. During the six months ended June 30, 2020, assets on our balance sheet classified under IFRS 5, in the France Retail segment, decreased by €144 million, due primarily to the completion of the sale of Vindemia.

The table below shows the net assets held for sale attributable to direct owners of the selling subsidiary in the France Retail segment as of December 31, 2019 and June 30, 2020 and the disposals signed as of June 30, 2020.

	As of December 31, 2019	**As of June 30, 2020**	**Disposals signed**
		in millions of euros	
Disposal Plan	1,250	1,112	735
Other	316	310	11
Total	**1,566**	**1,422**	**746**

Cash Flow

The following is a discussion of our cash flow from operations, cash flow from investing activities and cash flow from financing activities, in each case from continued operations, for the six months ended June 30, 2019 and 2020 and the years ended December 31, 2017, 2018 and 2019.

Six months ended June 30, 2020 compared to the six months ended June 30, 2019

The following table presents a summary of our cash flow from continuing operations for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019:

	Six months ended June 30,	
	2019 (*Restated*)[(1)]	**2020**
	in millions of euros	
Net cash from/(used in) operating activities	(289)	45
Net cash from/(used in) investing activities	43	(361)
Net cash from/(used in) financing activities	(760)	(640)

(1) Restated to reflect mainly: (a) the definitive impacts of the retrospective application of IFRS 16 – Leases, recalculated once the Group's lease management software was in place, (b) the change in the method of presenting costs to obtain contracts and (c) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "Presentation of Financial and Other Information" and Note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

Net cash from/(used in) operating activities

Net cash from operating activities from continuing operations increased to a net inflow of €45 million for the six months ended June 30, 2020 from a net outflow of €289 million for the six months ended June 30, 2019. This was mainly due to a lower increase in working capital during the first half of 2020 as compared to the prior period, primarily attributable to our France Retail Segment. During the six months ended June 30, 2020, change in working capital in France was negative €6 million, as opposed to negative €143 million during the six months ended June 30, 2019. This improvement in working capital was driven by sales momentum and action plans to reduce inventories. Working capital in the first half of the year is usually impacted by a significant negative seasonality effect, which has led to a decrease in working capital over such period of €1,322 million on average since 2015.

Net cash from/(used in) investing activities

Net cash from investing activities from continuing operations decreased to a net outflow of €361 million for the six months ended June 30, 2020 from a net inflow of €43 million for the six months ended June 30, 2019. This decrease was principally related to lower proceeds from our Asset Disposal Plan during the period, as well as the impact of cash outflows related to the unwinding of the GPA TRS.

Net cash from/(used in) from financing activities

Net cash from financing activities from continuing operations increased to a net outflow of €640 million for the six months ended June 30, 2020 from a net outflow of €760 million for the six months ended June 30, 2019. This change is primarily due to the decision not to pay in 2020 any dividend in respect of 2019 results.

Year ended December 31, 2019 compared to the year ended December 31, 2018

The following table presents a summary of our cash flow from continuing operations for the year December 31, 2019, as compared to the year ended December 31, 2018:

	Year ended December 31,	
	2018 (*Restated*)[1]	**2019**
	Post-IFRS 16	***Post-IFRS 16***
	in millions of euros	
Net cash from/(used in) operating activities	2,061	2,004
Net cash from/(used in) investing activities	104	(453)
Net cash from/(used in) financing activities	(1,396)	(1,792)

(1) Restated to reflect mainly: (i) the retrospective application of IFRS 16 – Leases (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"), (ii) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5 and (iii) a change in the method of presenting costs to obtain contracts (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*"). See notes 1.3.1 and 1.3.2 to our audited annual consolidated financial statements as of and for the year ended December 31, 2019.

Net cash from/(used in) operating activities

Net cash from operating activities from continuing operations was stable at a net inflow of €2,004 million for the year ended December 31, 2019 compared a net inflow of €2,061 million for the year ended December 31, 2018.

Net cash from/(used in) investing activities

Net cash from investing activities from continuing operations decreased to a net outflow of €453 million for the year ended December 31, 2019 from a net inflow of €104 million for the year ended December 31, 2018. This mainly reflects lower proceeds from asset disposals during 2019 compared with 2018, a cash outflow of €109 million due to the unwinding of the forward contract on GPA shares and a payment of €193 million relating to the refinancing transactions into an escrow account.

Net cash from/(used in) financing activities

Net cash used in financing activities from continuing operations decreased to a net outflow of €1,792 million for the year ended December 31, 2019 from a net outflow of €1,396 million for the year ended December 31, 2018. This mainly reflects the effect on cash and cash equivalents of transactions with non-controlling interests primarily related to Green Yellow in 2018 and the Latam Reorganization Transactions in 2019. These impacts are partially offset by the decrease of dividends paid and the cash in on new borrowings.

Year ended December 31, 2018 compared to the year ended December 31, 2017

The following table presents a summary of our cash flow from continuing operations for the year December 31, 2018, as compared to the year ended December 31, 2017:

	Year ended December 31,	
	2017 (*Restated*)[(1)]	**2018**
	Pre-IFRS 16	***Pre-IFRS 16***
	in millions of euros	
Net cash from/(used in) operating activities	1,123	1,141
Net cash from/(used in) investing activities	(1,105)	89
Net cash from/(used in) financing activities	(2,022)	(588)

(1) Restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers*. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the twelve months ended December 31, 2018.

Net cash from/(used in) operating activities

Net cash from operating activities from continuing operations slightly increased to a net inflow of €1,141 million for the year ended December 31, 2018 from a net inflow of €1,123 million for the year ended December 31, 2017 due primarily to a lower decrease in working capital partially offset by higher outflows associated with taxes.

Net cash from/(used in) investing activities

Net cash from investing activities from continuing operations increased to a net inflow of €89 million for the year ended December 31, 2018 from a net outflow of €1,105 million for the year ended December 31, 2017. This mainly reflects proceeds from our Asset Disposal Plan.

Net cash from/(used in) financing activities

Net cash used in financing activities from continuing operations decreased to a net outflow of €588 million for the year ended December 31, 2018 from a net outflow of €2,022 million for the year ended December 31, 2017. This mainly reflects a lower amount of debt repayments in 2018 and the positive impact of the GreenYellow capital increase in the second half of 2018.

Free Cash Flow

We define free cash flow as EBITDA less change in working capital, income taxes and net capital expenditures. Free cash flow is presented before the payment of dividends to shareholders and holders of CGP's Existing Deeply Subordinated Perpetual Notes and excluding financial expenses. We present free cash flow as additional information because we believe it is helpful to investors in highlighting trends in our business. However, other companies may present free cash flow differently than we do. Free cash flow is not a measure of financial performance under IFRS and should not be considered as an alternative to operating income as an indicator of our operating performance or any other measures of performance derived in accordance with IFRS.

The tables below present a reconciliation of our consolidated free cash flow to EBITDA from continuing operations for the periods under review:

	Six months ended June 30,	
	2019 (*Restated*)[(1)]	**2020**
	Post-IFRS 16	
CONTINUING OPERATIONS	*in millions of euros*	
EBITDA	1,123	1,066
Non-recurring items[(2)]	*(132)*	*(159)*
Rent[(3)]	*(479)*	*(478)*

CONTINUING OPERATIONS	Six months ended June 30, 2019 (*Restated*) [(1)] Post-IFRS 16	2020 Post-IFRS 16
	in millions of euros	
Other items (head office expenses, dividends from equity-accounted investees)	*(41)*	*(60)*
Cash flow from continuing operations	**470**	**369**
Change in working capital	(1,127)	(766)
Income taxes	(118)	(45)
Net cash used in operating activities	**(774)**	**(443)**
Gross capital expenditures	*(526)*	*(447)*
Asset disposals (including Asset Disposal Plan)	*408*	*169*
Net capital expenditures	(118)	(278)
Free cash flow[(4)]	**(893)**	**(721)**

(1) Restated to reflect mainly: (i) the classification of Leader Price as a discontinued operation in accordance with IFRS 5 (see "*—Factors Affecting Comparability of Results—Changes in Consolidation Scope—Leader Price Disposal*"), (ii) a change in the method of presenting costs to obtain contracts (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*") and (iii) the definitive impacts of the retrospective application of IFRS 16 – Leases (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"). See note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

(2) Corresponds to the cash impact of non-recurring items recognized in our income statement under other operating income and expense.

(3) Includes rental expense (i.e., repayments of lease liabilities and interest on leases).

(4) Before dividends paid to owners of CGP and holders of Existing Deeply Subordinated Perpetual Notes, and excluding financial expenses, including rental expenses (repayments of lease liabilities and interest on leases).

CONTINUING OPERATIONS	Year ended December 31, 2018 (*Restated*) [(1)] Post-IFRS 16	2019 Post-IFRS 16
	in millions of euros	
EBITDA	2,669	2,640
Non-recurring items [(2)]	*(257)*	*(401)*
Other items (head office expenses, dividends from equity-accounted investees)	*2*	*(67)*
Cash flow from continuing operations	**2,414**	**2,172**
Change in working capital	(117)	92
Income taxes	(236)	(259)
Net cash from operating activities	**2,061**	**2,004**
Gross capital expenditures	*(1,188)*	*(1,107)*
Asset disposals (including Asset Disposal Plan)	*1,230*	*890*
Net capital expenditures	43	(218)
Free cash flow	**2,104**	**1,786**

(1) Restated to reflect mainly: (i) the retrospective application of IFRS 16 – Leases (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"), (ii) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5 and (iii) a change in the method of presenting costs to obtain contracts (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*"). See notes 1.3.1 and 1.3.2 to our audited annual consolidated financial statements as of and for the year ended December 31, 2019.

(2) Corresponds to the cash impact of non-recurring items recognized in our income statement under other operating income and expense.

The tables below present a reconciliation of our France Retail free cash flow to EBITDA for the periods under review:

	Six months ended June 30, 2019 (*Restated*) [(1)]	2020
	Post-IFRS 16	*Post-IFRS 16*
	in millions of euros	
EBITDA	601	564
Non-recurring items (excluding Rocade Plan)	*(70)*	*(58)*
Rent [(2)]	*(296)*	*(309)*
Other items (head office expenses, dividends from equity-accounted investees, tax credits for donations) [(3)]	*(56)*	*(71)*
Cash flow from continuing operations, including rents	**178**	**126**

	Six months ended June 30,	
	2019 (*Restated*) [(1)]	2020
	Post-IFRS 16	***Post-IFRS 16***
	in millions of euros	
Change in working capital	(143)	(6)
Income taxes	(50)	(5)
Net cash from (used in) operating activities (excluding Rocade Plan)	**(15)**	**115**
Gross capital expenditures	*(209)*	*(180)*
Asset disposals	*43*	*25*
Net capital expenditures	(167)	(155)
Free cash flow [(4)] (before effect of Asset Disposal Plan and Rocade Plan)	**(182)**	**(40)**
Free cash flow[(4)] excluding non-recurring items (before effect of Asset Disposal Plan and Rocade Plan)	**(111)**	**18**

(1) Restated to reflect mainly (i) the classification of Leader Price as a discontinued operation in accordance with IFRS 5 (see "*—Factors Affecting Comparability of Results—Changes in Consolidation Scope—Leader Price Disposal*"), (ii) a change in the method of presenting costs to obtain contracts (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*") and (iii) the definitive impacts of the retrospective application of IFRS 16 – Leases (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"). See note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

(2) Includes rental expense (i.e., repayments of lease liabilities and interest on leases).

(3) Although our Group headquarters is located in France, we allocate head office costs among our different operating segments in accordance with IFRS 8.

(4) Before dividends paid to owners of CGP and holders of Existing Deeply Subordinated Perpetual Notes, and excluding financial expenses, including rental expenses (repayments of lease liabilities and interest on leases).

During the six months ended June 30, 2020, France Retail free cash flow from operating activities before the effect of the Asset Disposal Plan and the Rocade Plan was a net outflow of €40 million, compared to a net outflow of €182 million during the six months ended June 30, 2019. This change is primarily due to a €137 million improvement in working capital due to sales momentum and action plans to reduce inventories.

	Year ended December 31,	
	2018 (*Restated*) [(1)]	2019
	Post-IFRS 16	
	in millions of euros	
EBITDA	1,413	1,467
Non-recurring items (excluding Rocade Plan)	*(162)*	*(209)*
Rent [(2)]	*(512)*	*(614)*
Other items (head office expenses, dividends from equity-accounted investees [(3)]	*(77)*	*(109)*
Cash flow from continuing operations, including rents	**662**	**535**
Change in working capital excluding Asset Disposal Plan and Rocade Plan	(53)	161
Income taxes excluding Asset Disposal Plan and Rocade Plan	(92)	(101)
Net cash from operating activities	**517**	**596**
Gross capital expenditures	(559)	(354)
Operating free cash flow (before Asset Disposal Plan and Rocade Plan)[(4)]	**(42)**	**242**
Asset disposals (excluding Asset Disposal Plan)	388	126
Free cash flow before Asset Disposal Plan and Rocade Plan[(4)]	**346**	**367**
Asset Disposal Plan (including real estate, catering business)	*734*	*663*
Rocade Plan	*(14)*	*27*
Free cash flow plus net proceeds from Asset Disposal Plan and Rocade Plan[(3)]	**1,066**	**1,057**

(1) Restated to reflect mainly: (i) the retrospective application of IFRS 16 – Leases (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"), (ii) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5 and (iii) a change in the method of presenting costs to obtain contracts (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*"). See notes 1.3.1 and 1.3.2 to our audited annual consolidated financial statements as of and for the year ended December 31, 2019.

(2) Includes rental expense (i.e., repayments of lease liabilities and interest on leases).

(3) Although our Group headquarters is located in France, we allocate head office costs among our different operating segments in accordance with IFRS 8.

(4) Before dividends paid to owners of CGP and holders of Existing Deeply Subordinated Perpetual Notes, and excluding financial expenses, including rental expenses (repayments of lease liabilities and interest on leases).

During the year ended December 31, 2019, France Retail free cash flow from operating activities before the effect of the Asset Disposal Plan and the Rocade Plan was a net inflow of €367 million, compared to a net inflow of €346 million during the year ended December 31, 2018. This change is primarily due to a reduction of €205 million in gross capital expenditures and a €214 million improvement in working capital variation. Gross capital expenditures decreased in 2019 compared with prior years (€639 million in 2017 and €559 million in 2018) primarily because of the end of major transformation programs at the Franprix, Casino Supermarkets and Géant Casino banners. The improvement in working capital was mainly driven by action plans to reduce inventories, which included a reduction in slow-moving SKUs, the creation of local inventory storage capabilities and our optimization of logistics organization.

Net debt

Net debt corresponds to loans and other borrowings including related derivatives with a negative fair value designated as fair value hedges and reverse factored trade payables reclassified as financial liabilities, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives with a positive fair value designated as fair value hedges, (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to owners of the selling subsidiary.

The table below shows our net debt broken out by operating segment as of December 31, 2017 on a pre-IFRS 16 basis and as of December 31, 2018, December 31, 2019 and June 30, 2020, on a post-IFRS 16 basis.

	December 31,			June 30,
	2017	**2018 (restated) [(2)]**	**2019**	**2020**
	Pre-IFRS 16	***Post-IFRS 16***		
		in millions of euros		
Net debt	**4,126**	**3,378**	**4,053**	**4,834**
of which				
France Retail [(1)]	*3,715*	*2,724*	*2,282*	*2,821*
E-commerce [(1)]	*194*	*199*	*221*	*376*
Latam Retail	*217*	*455*	*1,550*	*1,636*

(1) Casino Finance has extended loans to Cnova N.V. which are eliminated in consolidation. The aggregate principal amount outstanding of such loans was €259 million as of December 31, 2019 and €321 million as of June 30, 2020.

(2) Restated to reflect mainly: (i) the retrospective application of IFRS 16 – Leases (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"), (ii) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5 and (iii) a change in the method of presenting costs to obtain contracts (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*"). See notes 1.3.1 and 1.3.2 to our audited annual consolidated financial statements as of and for the year ended December 31, 2019.

The tables below show in more detail the drivers of the change in our France Retail net debt during the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and June 30, 2020 (on a post-IFRS 16 basis), which itself is the primary driver for changes in our net debt over the periods under review.

	Six months ended June 30,	
	2019 (restated) [(1)]	**2020**
	Post-IFRS 16	
	in millions of euros	
Net debt at start of period	**2,724**	**2,282**
Free cash flow excluding Asset Disposal Plan and Rocade Plan	(182)	40
Financial expenses (excluding interest on lease liabilities)	(142)	(208)
Dividends paid to shareholders and holders of Existing Deeply Subordinated Perpetual Notes	(218)	(37)
Share buybacks and transactions with non-controlling interests	(94)	(1)
Other financial investments (excluding settlement of GPA TRS)	33	(30)
Other non-cash items	103	46
Of which non-cash financial expenses	*69*	*79*
Change in net debt (excluding settlement of GPA TRS, Asset Disposal Plan, Rocade Plan and IFRS 5 impact)	**(501)**	**(270)**
Settlement of GPA TRS	—	(248)

	Six months ended June 30,	
	2019 (restated) (1)	2020
	Post-IFRS 16	
Asset Disposal Plan	380	186
Rocade Plan	72	(18)
Assets held for sale recognized in accordance with IFRS 5	(125)	(189)
Change in net debt (- : increase of net debt / + : decrease of net debt)	**(174)**	**(539)**
Net debt at end of period	**2,899**	**2,821**

(1) Restated to reflect mainly (a) the definitive impacts of the retrospective application of IFRS 16 – *Leases*, recalculated once the Group's lease management software was in place, (b) the change in the method of presenting costs to obtain contracts and (c) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "*Presentation of Financial and Other Information*" and Note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

	Year ended December 31,	
	2018 (restated) (1)	2019
	Post-IFRS 16	
	in millions of euros	
Net debt at start of period	**3,703**	**2,724**
Free cash flow including Asset Disposal Plan and Rocade Plan	1,066	1,057
Financial expenses (excluding interest on lease liabilities)	(133)	(161)
Dividends paid to shareholders and holders of Existing Deeply Subordinated Perpetual Notes	(400)	(211)
Share buybacks and transactions with non-controlling interests	(97)	(90)
GreenYellow capital increase	149	—
Other net financial investments (excluding Asset Disposal Plan and Rocade Plan)	69	(439)
Other non-cash items	(459)	(20)
Of which non-cash financial expenses	*(12)*	*(6)*
Segisor indebtedness	200	(198)
Assets held for sale recognized in accordance with IFRS 5	585	502
Change in net debt (- : increase of net debt / + : decrease of net debt)	**979**	**442**
Net debt at end of period	**2,724**	**2,282**

(1) Restated to reflect mainly (a) the retrospective application of IFRS 16 – *Leases*, (b) the change in the method of presenting costs to obtain contracts, (c) the finalization of the purchase price allocation for Sarenza and (d) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the twelve months ended December 31, 2019.

During the six months ended June 30, 2020, France Retail net debt, excluding the impact of the settlement of the GPA TRS, the Asset Disposal Plan, the Rocade Plan and the impact of IFRS 5 increased by €270 million, whereas it increased by €502 million on the same basis during the six months ended June 30, 2019. The improvement during the first half of 2019 was mainly driven by a reduction in dividends paid to shareholders and holders of Existing Deeply Subordinated Perpetual Notes and share buybacks and transactions with non-controlling interests during the first half of 2020. Our France Retail segment cash and cash equivalents as of June 30, 2020 amounted to €913 million.

During the year ended December 31, 2019, France Retail net debt, including the impact of IFRS 5, decreased by €441 million, whereas it decreased by €979 million during the year ended December 31, 2018. This difference is primarily due to the reclassification of the Segisor debt to the France Retail segment in connection with the Latam Reorganization Transactions, the impact of the unwinding of the GPA TRS, partially offset by a reduction in dividends paid to shareholders and holders of Existing Deeply Subordinated Perpetual Notes in 2019, as well as the impact of the GreenYellow capital increase of €149 million in 2018.

Capital Expenditures

Our capital expenditures primarily consist of the construction and remodeling of our stores, investments in digitalization, investments in our infrastructure, including improvements to our information technology systems and improvements to our distribution facilities. We have completed major transformation programs, which led to a reduction of France Retail annual capital expenditures of over €200 million from 2018 to 2019, reflecting our capital expenditure control, with priority investments in digital activities and Monoprix. We target yearly gross capital expenditures in France of approximately €350 million.

The table below presents a breakdown in our capital expenditures for the periods under review, excluding the impact of our Asset Disposal Plan.

	Six months ended June 30,					
	2019 (*Restated*) (1)			2020		
	Post-IFRS 16					
	Gross capital expenditures	**Disposals**	**Net capital Expenditures**	**Gross capital expenditures**	**Disposals**	**Net capital Expenditures**
	in millions of euros					
France Retail.......	(209)	43	(167)	(180)	29	(151)
E-commerce........	(38)	4	(34)	(43)	6	(37)
Latam Retail.......	(279)	5	(274)	(224)	139	(85)
Total..................	**(526)**	**51**	**(475)**	**(447)**	**174**	**(273)**

(1) Restated to reflect mainly (a) the definitive impacts of the retrospective application of IFRS 16 – *Leases*, recalculated once the Group's lease management software was in place, (b) the change in the method of presenting costs to obtain contracts and (c) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5. See "*Presentation of Financial and Other Information*" and Note 1.3 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020.

	Year ended December 31,					
	2018 (*Restated*) (1)			2019		
	Post-IFRS 16					
	Gross capital expenditures	**Disposals**	**Net capital Expenditures**	**Gross capital expenditures**	**Disposals**	**Net capital Expenditures**
	in millions of euros					
France Retail......	**(559)**	388	**(171)**	**(354)**	126	**(229)**
E-commerce.......	**(80)**	6	**(74)**	**(83)**	8	**(74)**
Latam Retail......	**(549)**	102	**(447)**	**(671)**	99	**(571)**
Total..................	**(1,188)**	496	**(691)**	**(1,107)**	233	**(875)**

(1) Restated to reflect mainly: (i) the retrospective application of IFRS 16 – Leases (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—IFRS 16–Leases*"), (ii) the reclassification of Leader Price within discontinued operations in accordance with IFRS 5 and (iii) a change in the method of presenting costs to obtain contracts (see "*—Factors Affecting Comparability of Results—Changes in Accounting Methods—Presentation of costs of obtaining contracts*"). See notes 1.3.1 and 1.3.2 to our audited annual consolidated financial statements as of and for the year ended December 31, 2019.

	Year ended December 31,					
	2017 (*Restated*) (1)			2018		
	Pre-IFRS 16					
	Gross capital expenditures(2)	**Disposals**	**Net capital Expenditures**	**Gross capital expenditures**	**Disposals**	**Net capital Expenditures**
	in millions of euros					
France Retail.........	**(639)**	254	**(384)**	**(556)**	399	**(157)**
E-commerce..........	**(69)**	0	**(69)**	**(80)**	6	**(74)**
Latam Retail.........	**(540)**	49	**(491)**	**(549)**	102	**(447)**
Latam Electronics	**(99)**	5	**(94)**	**(129)**	9	**(119)**
Total.....................	**(1,346)**	308	**(1,037)**	**(1,313)**	517	**(797)**

(1) Restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers*. See "*Presentation of Financial and Other Information*" and Note 1.3 to our audited consolidated financial statements as of and for the twelve months ended December 31, 2018.

(2) Gross capital expenditures for the year ended December 31, 2016 amounted to €1,160 million.

France Retail and E-commerce as adjusted debt maturities

The table below sets out the maturities of our France Retail and E-commerce segment indebtedness as of September 30, 2020, as adjusted to give effect to the Transactions. Amounts below do not take into account (i) the balance sheet impact of net assets held for sale attributable to direct owners of the selling subsidiary calculated in accordance with IFRS 5, (ii) changes in drawings on committed revolving lines (including the Revolving Credit Facility and the Existing Syndicated Credit Facilities) or (iii) other debt and financial assets consisting primarily of accrued interest, other bank loans, other financial assets and outstanding debt of Mercialys TRS. For a detailed presentation of the impact of the Transactions on our indebtedness, see "*Capitalization*".

(in millions of euros)	**Total**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025 and later**
Existing EMTN Bonds [(1)(2)(3)]	1,691	—	64	215	107	529	775[(4)]
Existing Syndicated Credit Facilities [(5)]	—	—	—	—	—	—	—
Segisor Credit Facility	188	—	188	—	—	—	—
Term Loan B Facility	1,225	—	—	—	—	1,225	—
Notes offered hereby	400	—	—	—	—	—	400
Senior Secured Notes	800	—	—	—	—	800	—
Revolving Credit Facility [(6)]	—	—	—	—	—	—	—
PGE Loans [(7)]	120	—	120	—	—	—	—
Total	**4,424**	**—**	**372**	**215**	**107**	**2,554**	**1,175**

(1) Does not include €33 million in fair value of interest rate swaps and interest rate options entered into by the Group to hedge its interest exposure on the Existing EMTN Bonds.

(2) From July to early December 2020, we bought back and cancelled €81 million of the 2021 EMTN Bonds, €88 million of the 2022 EMTN Bonds, €174 million of the 2023 EMTN Bonds and €13 million of the 2024 EMTN Bonds through open market repurchases. In addition, on November 20, 2020, we repurchased an aggregate principal amount of €194 million of the 2021 EMTN Bonds, an aggregate principal amount of €9 million of the 2022 EMTN Bonds, an aggregate principal amount of €12 million of the 2023 EMTN Bonds and an aggregate principal amount of €8 million of the 2024 EMTN Bonds.

(3) We intend to use approximately €1,353 million, including the proceeds of the Offering to repay, through a tender offer launched on December 14, 2020, a portion of our 2021 EMTN Bonds, 2022 EMTN Bonds, 2023 EMTN Bonds, 2024 EMTN Bonds and 2025 EMTN Bonds. Results of tender offers are uncertain in nature. Amounts shown assume that holders of (i) approximately 80% in outstanding principal amount of our 2021 EMTN Bonds will tender, (ii) approximately 40% in outstanding principal amount of our 2022 EMTN Bonds will tender, (iii) approximately 80% in outstanding principal amount of our 2023 EMTN Bonds will tender, (iv) approximately 40% in outstanding principal amount of our 2024 EMTN Bonds will tender and (v) approximately 40% in outstanding principal amount of our 2025 EMTN Bonds will tender. Assumed amounts may differ from actual results and are for illustrative purposes only.

(4) Includes €267 million in outstanding principal amount of our 2025 EMTN Bonds and €508 million in outstanding amount of our 2026 EMTN Bonds.

(5) The Casino 2014 Syndicated Credit Facility matures on February 28, 2021. The Monoprix Existing Syndicated Credit Facility matures on July 9, 2021. The Casino 2017 Syndicated Credit Facility matures on July 26, 2022.

(6) The Revolving Credit Facility will mature on October 31, 2022 (if by such date our 2023 EMTN Bonds are not repaid or refinanced in full (or sums sufficient in an amount to repay the 2023 EMTN Bonds have not been placed in the Segregated Account)) or on October 31, 2023. We do not intend to draw on the Revolving Credit Facility in connection with the Transactions.

(7) Cdiscount, the Issuer's indirect subsidiary which manages our pure e-commerce platform, is the borrower under five unsecured term loans which are 80% guaranteed by a French state-owned investment bank, Bpifrance Financement. The PGE Loans have an initial maturity of one year from the draw date (on or about August 5, 2020) and allow Cdiscount to extend the repayment date for a further period of one, two, three, four, or five years. See "*Description of Certain Financing Arrangements—PGE Loans*".

Off-Balance Sheet Commitments

We are a party to various customary off-balance sheet arrangements, including put options on shares in non-controlled companies, security granted in connection with borrowings by GPA, bank guarantees given by GPA in connection with certain ongoing tax disputes, guarantees issued on behalf of certain of our joint ventures and minimum future lease payments. As of December 31, 2019, we were party to put options on shares in non-controlled companies of €5 million (a decrease of €10 million from €15 million as of December 31, 2018). These put options were related to Monoprix and Franprix – Leader Price entities.

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts that might have to be paid under guarantees issued by the Group. They are not netted against sums which might be recovered through legal action or counter-guarantees received by the Group.

	As of December 31,	
	2018	**2019**
	in millions of euros	
Assets pledged as collateral[(1)]	209	206
Bank guarantees given[(2)]	2,286	2,343
Guarantees given in connection with disposals of non-current assets	32	15
Other commitments	61	62
Total commitments given	**2,588**	**2,625**
Expiring:		
Within one year	*170*	*140*
In one to five years	*2,410*	*2,476*
In more than five years	*7*	*9*

(1) Current and non-current assets pledged, mortgaged or otherwise given as collateral. As of December 31, 2018 and 2019, €192 million and €189 million, respectively, was attributable to tax disputes to which GPA was party. This does not include the collateral pledged in connection with the issuance of the Senior Secured Notes and the entry into the Term Loan B Facility and the Revolving Credit Facility in November 2019.

(2) As of December 31, 2018 and 2019, this amount included €2,173 million and €2,252 million, respectively, in bank guarantees given by GPA, mainly in connection with tax disputes to which GPA was party. Bank guarantees also included guarantees issued on behalf of joint ventures as of December 31, 2018 and 2019 of €93 million and €68 million, respectively.

For further detail on our off-balance sheet commitments, see notes 3.4.2 and 6.11 to our audited consolidated financial statements for the year ended December 31, 2019.

Quantitative and Qualitative Disclosure of Market Risks

We are exposed to various market risks as part of our business activities. Several of these risks are described in detail elsewhere in this Listing Prospectus under the caption "*Risk Factors*". The main risk areas that may have a material influence on our business performance as well as our financial position and results of operations are set out below.

Liquidity Risk

Liquidity risk is the risk of a company not having the necessary funds to settle its commitments when they fall due.

Our liquidity policy is to ensure that we have sufficient liquid assets to settle our liabilities as they fall due, in either normal or impaired market conditions.

We aim to mitigate liquidity risk through:

- diversifying financing sources;
- diversifying borrowing currencies;
- maintaining at all times confirmed financing facilities that significantly exceed our liabilities;
- limiting annual debt repayments and proactively managing the repayment schedule; and
- managing the average maturity of debt.

The liquidity analysis is performed both for our France Retail segment (taking into account the cash pool in place with most French subsidiaries) and for each of our international subsidiaries. Each subsidiary submits weekly cash reports to the Group and all new financing facilities require prior approval from the Corporate Finance department. For a discussion of our contractual commitments under our financial debt, see "*—Contractual Obligations and Commitments*".

For a further discussion of our management of liquidity risk, see note 9.6 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020 and note 11.5.4 to our audited consolidated financial statements as of and for the year ended December 31, 2019 included in this Listing Prospectus.

Interest Rate Risk

Interest rate risk is the risk related to an increase in borrowing costs due to higher interest rates. We are exposed to this risk to the extent that our borrowings accrue interest at variable rates.

Our objective is to manage our exposure to the risk of interest rate changes and optimize our financing costs. Our strategy for managing interest rate risk consists of dynamic debt management by monitoring and, where necessary, adjusting our hedging ratio based on forecast trends in interest rates. We use various standard instruments to implement this strategy, principally interest rate swaps and options (including caps, floors and swaptions). These instruments do not always qualify for hedge accounting; however, all interest rate instruments are contracted in line with our risk management policy.

The Issuer's debt is mainly composed of fixed-rate bonds and the Term Loan B. Certain interest streams on part of the Issuer's fixed-rate debt were swapped for variable rate streams. As of December 31, 2019, the Issuer had a portfolio of 56 interest rate swaps and options with approximately 10 bank counterparties. These instruments expire at various dates between 2020 and 2026. As a result, as of December 31, 2019, 26% of the outstanding amount of the Issuer's bond debt was hedged at a fixed rate, 28% was hedged at capped or floored variable rates and 46% was unhedged and accrued at uncapped variable rates.

For a further discussion of our management of interest rate risk, see note 11.5.2 to our audited consolidated financial statements as of and for the year ended December 31, 2019 included in this Listing Prospectus.

Currency Risk

Due to our geographically diversified business base, we are exposed to both currency translation risk on the translation of the balance sheets and income statements of subsidiaries outside the euro zone into euro and to currency transaction risk on transactions denominated in currencies other than the euro. Currency translation risk primarily concerns the financial statements of the Group's subsidiaries in Brazil and Colombia and arises from changes in exchange rates for the Brazilian real and Colombian peso against the euro. Transaction risk mainly concerns goods purchases billed in U.S. dollars.

An unfavorable change in exchange rates could have a negative impact on our consolidated financial statements (translation risk) and lead to financial losses (transaction risk).

We hedge currency transaction risk on highly probable future purchases (mainly goods purchases billed in U.S. dollars) through forward purchases of the payment currency. In addition, we fully hedge currency risks on debt issuances denominated in a currency other than that of the issuer.

We use standard financial instruments such as interest rate swaps and forward currency transactions to manage our exposure to currency risks. These instruments are mainly over-the-counter instruments entered into with first-class bank counterparties. Most of these transactions or instruments qualify for hedge accounting. However, like many other large groups, we may take very small, strictly controlled positions that do not qualify for hedge accounting, for more dynamic and flexible management of our interest rate exposures.

For a further discussion of our management of currency risk, see note 11.5.2 to our audited consolidated financial statements as of and for the year ended December 31, 2019 included in this Listing Prospectus.

Counterparty and Credit Risk

Counterparty risk is the risk that a counterparty fails and is unable to honor its financial commitments (credit risk) or other commitments to our group.

We are exposed to counterparty risk in several ways: as a result of our operating activities (for example, consumer finance for our customers), our cash investing activities and our interest rate and currency hedging activities (our counterparties being banking institutions for the latter three cases). If a counterparty risk were to occur, we could incur financial losses.

We monitor these risks regularly using several objective indicators and attempt to reduce our exposure by dealing with low-risk counterparties (as determined mainly on such counterparties' credit ratings and their reciprocal commitments with us).

Our policy for managing customer credit risk consists of checking the financial health of all customers applying for credit. We regularly monitor customer receivables. We do not believe our exposure to bad debts is material.

A breakdown of our trade receivables by maturity is below:

	As of December 31,	
	2018	2019
	in millions of euros	
Receivables not yet due	690	576
Past due receivables	215	260
Of which		
Up to one month past due	*90*	*68*
Between one and six months past due	*49*	*105*
More than six months past due	*76*	*86*
Total	**905**	**836**

As for credit risk on other financial assets such as cash and cash equivalents, loans, legal deposits paid by GPA and derivative financial instruments, our maximum exposure is limited to such instruments' carrying amount. Our cash management policy consists of investing cash and cash equivalents with highly-rated counterparties and in high-quality money market instruments.

For a further discussion of our management of counterparty and credit risk, see note 11.5.3 to our audited consolidated financial statements as of and for the year ended December 31, 2019 included in this Listing Prospectus.

Critical Accounting Policies and Estimates

IFRS requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on the information available at the time of preparation of the financial statements and affect the published amounts. Future results may differ from these estimates.

For a detailed description of the accounting rules and methods that we apply under IFRS, see note 1 to our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2020 and note 1 to our audited annual consolidated financial statements as of and for the year ended December 31, 2019.

INDUSTRY

This Listing Prospectus contains statistical data, estimates and forecasts that are based on independent industry publications, such as those published in databases and reports by Euromonitor International Limited ("Euromonitor"), or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates or place undue reliance on this information. This information has been obtained from sources believed to be reliable, but some information may be derived from estimates or subjective judgments or may not have been subject to limited audit or validation. Neither we, nor Euromonitor, have independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information and make no guarantees as to the accuracy thereof. In addition, we believe that data regarding the industry and industry market and sales positions, shares, market sizes and growth provide general guidance but are inherently imprecise. The industry data presented in this Listing Prospectus related to the size of the Grocery Retail markets is based on data from Euromonitor International, Retailing 2020 edition. As per Grocery Retail definitions, 2019 estimates are based on partial-year information. All market sizing data is based on Retail Value RSP (retail selling price), excluding sales tax, and using EUR fixed exchange rates and constant prices. Market sizing data for E-commerce is as per Internet Retailing, GBO market share, Retail Value RSP, excluding sales tax, and using EUR fixed exchange rates and current prices and 2019 estimates are based on partial-year information. None of the industry publications referred to in this Listing Prospectus were prepared on our or on our affiliates' behalf or at our expense. While we are not aware of any misstatements regarding any third-party information presented in this Listing Prospectus, Euromonitor's figures are based in part on official statistics, trade associations, trade press, company research, trade interviews and trade services, and as such have not been independently verified by Euromonitor in each case. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors", that could cause results to differ materially from those expressed in these publications and other publicly available information, including "Forward-Looking Statements" which are not guarantees of future performance. This Listing Prospectus also contains illustrations and charts derived from our internal information, which has not been independently verified unless specifically indicated.

France

Macroeconomic and Demographic Overview

In 2019, the nominal gross domestic product ("**GDP**") of France amounted to €2,323 billion, according to the International Monetary Fund ("**IMF**"). The IMF ranked France as the 7th largest economy globally, and 3rd largest in Europe. The French economy grew 1.5% in real terms in 2019, is projected to decrease by 9.8% in 2020 due to the COVID-19 pandemic, and grow at a 0.5% compound average growth rate ("**CAGR**") between 2019 and 2024 (*source: IMF*). Due to ECB policy, inflation is relatively low in France, reaching 1.3% in 2019. Inflation is expected to be 0.5% in 2020, with a CAGR of 1.0% between 2019 and 2024 (*source: IMF*).

France is one of the most populous countries in Europe, currently ranking only behind Russia, Germany and the UK. In 2019, the population of France amounted to 64.8 million people (*source: IMF*). French population is expected to reach 65.7 million people by 2024, which implies a 0.3% CAGR between 2019 and 2024 (*source: IMF*).

81% of the French population lives in cities (*source: World Bank*), with around 18% of the total population living in the Paris area as of January 1, 2020 *(source: Institut national de la statistique et des études économiques, "**INSEE**")*. France's economic growth is largely driven by three regions: Ile-de-France, Auvergne-Rhône-Alpes and Provence-Alpes-Côte d'Azur. These regions each have favourable trends such as tourism, favourable demographics and high living standards. These three regions have a cumulative population of 25.4 million people (39% of the total French population), but generate 49% of France's GDP according to latest data available for 2019 (*source: INSEE*). The French unemployment rate was 8.5% in 2019 and is expected to increase to 8.9% in 2020 and even further to 10.2% in 2021 due to the COVID-19 pandemic (*source: IMF*).

Grocery Retail – Key Trends

France remains a dynamic market for retail. In France, food expenses account for 11.9% of the aggregate consumer spending. This is relatively high compared to other European countries (e.g. 11.5% for Spain, 9.6% for Germany, 7.1% for the UK and slightly below the 13.1% of Italy. (*source: Organisation for Economic Co-operation and Development, "**OECD**"*).

	2014	2015	2016	2017	2018	2019	'14-19 CAGR
Food spending (€ million)	140,140	141,841	144,659	146,353	148,355	151,201	1.5%

Source: OECD

As a comparison, in 2019, Italy's food spending amounted to €142,512 million, €84,747 million for Spain, €165,206 million for Germany and €95,508 million for the UK, according to the OECD.

Between 2014 and 2019, grocery retail sales in France grew at CAGR of 0.1%, according to Euromonitor. The French retailing market is gradually evolving, driven by changing consumer lifestyles and socio-demographic trends, such as an ageing population, smaller families, growing individualisation of lifestyles, digitalisation as well as increasing urbanisation. These trends have led to a transition in grocery retail from mass market to more tailored offers which results in a greater diversity of retail formats and concepts, a broader and more segmented product offering, as well as more individualised contact with consumers. This trend has resulted in a strong performance of convenience-led formats.

The COVID-19 pandemic and its related restrictions on parts of the economy have resulted in a shift in the retailing landscape, benefiting grocery retail in particular. Since grocery retail stores are viewed as essential shops, they were allowed to remain open and hence benefited from an increase in demand from out-of-home to in-home consumption. The COVID-19 pandemic has accelerated the evolution of the French retailing market with the transition in grocery retail from mass market to more tailored offers and the trends of evolving retail formats, such as the ongoing outperformance of convenience-led formats and grocery retail e-commerce *versus* underperformance of the hypermarket channel. The increased penetration of e-commerce is expected to be sustained in the medium and longer term, with a much higher number of people joining the pool of online consumers (see "*–COVID-19 impact on Retailing and Grocery Retail*" below for further information).

The grocery retail market is rapidly evolving on the technological front. Store-based grocery retailers are signing new partnerships or acquiring digital players to adapt to consumer demand. With the spread of internet usage, retailers are developing internet-linked solutions to meet consumer demand and pure-play online retailers acquire physical spaces. The convergence of pure players and bricks-and-clicks retailers is expected to lead to the further development of web-to-store concepts, notably "phygital" stores, hybrid connected bricks-and-clicks shops which enable consumers to order on big screens.

To maintain or increase market shares, grocery retailers are expected to focus on their e-commerce operations, at-home delivery services, omni-channel product offering, lengthening opening schedules as well as improvements to product differentiation and price competition.

Grocery Retail – Overview of Key Formats from Euromonitor

Modern grocery retailing is the aggregation of the grocery channels that have emerged alongside the growth of chained retail. It is the aggregation of five channels: Hypermarkets, Supermarkets, Discounters, Forecourt Retailers and Convenience Stores.

Traditional grocery retailing is the aggregation of channels that are invariably non-chained and are, therefore, owned by families and/or run on an individual basis. It is the aggregation of three channels: Independent Small Grocers, Food/Drink/Tobacco Specialists and Other Grocery Retailers.

In 2019, 79.5% of French grocery retail sales were accounted for by modern grocery retailing as opposed to traditional grocery retailing, which compares to 87.0% for Germany, 80.5% for Spain and 89.4% for the UK. The share of modern grocery has decreased at a rate of 0.6 percentage points per annum in the last 5 years in France.

The Hypermarket channel is on the decline in France, with a decline in Retail Sales Value ("**RSV**") of (1.9%) per year between 2014-19 (*Source: Euromonitor*). Several players have decreased or have announced their intention to decrease the area contribution of their hypermarket operations (e.g. Casino reduced its hypermarkets sales area from 916,000 square meters in 2016 to 848,000 square meters in 2018 and sold or closed 17 hypermarkets in 2019. Carrefour announced in February 2019 its target of 400,000 square meters sales area reduction worldwide by 2022) (*Source: Company press release)*.

In the meantime, organic product specialist retailers, driven by a premium development trend, are supporting high growth in the grocery retail market, and have recorded robust growth on the back of consumer preference for organic products. Organic products' healthy sales and high margins have encouraged modern grocery retailers to develop their own organic corners and private label lines. This has led major players to buy smaller organic specialist retailers (e.g. Les Mousquetaire's acquisition of a minority share in Les Comptoirs de la Bio, Naturalia's development for Casino, and Carrefour's acquisition of So'Bio). Such deals are a way to attract additional consumers with differentiated and more engaging products.

As more and more people live in urban areas, format diversification is required to reach urban consumers not interested in hypermarkets on the edge of towns. In order to benefit from urbanisation and concentration of high-income households around cities, grocery retailers have developed their convenience and proximity formats to cater to consumers' demands for convenience, accessibility, as well as premium and tailored offering. The convenience format has proven to be highly attractive and carries on attracting more consumers that are less sensitive to price.

France RSV (€ million)	2014	2019	2024	'14-19 CAGR	'19-24 CAGR
Grocery Retailers	**245,961**	**246,725**	**251,090**	0.1%	0.4%
o.w. Modern Grocery	202,485	196,106	195,005	(0.6%)	(0.1%)
Convenience Stores	6,963	8,647	9,325	4.4%	1.5%
Discounters	16,932	16,891	18,591	(0.0%)	1.9%
Forecourt Retailers	1,986	1,869	1,807	(1.2%)	(0.7%)
Hypermarkets	115,518	105,037	99,882	(1.9%)	(1.0%)
Supermarkets	61,087	63,661	65,399	0.8%	0.5%
o.w. Traditional Grocery	43,476	50,620	56,085	3.1%	2.1%

Source: Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, Retail value RSP, excluding sales tax, euro fixed exchange rate. 2019 estimates are based on partial-year information.

Grocery Retail – Market Structure and Competitive Landscape

Key domestic modern grocery retailers in France, which have a significant nationwide presence, include Carrefour, Intermarché, Système U, E Leclerc, Auchan Group and Casino. These grocery retailers are the six biggest in terms of market shares grocery retailers measured across all channels and also in the specific modern grocery retail segment.

Casino is a leading player and ranked sixth in terms of market share in modern grocery retail in 2019, by global brand owner. With the Horizon supply network joint venture, which Casino has established with Auchan, these two players combined would place as number two in terms of market share in the modern grocery retail channel, by global brand owner. In 2019, Casino was the fourth supermarket player in terms of market share by global brand owner, and via Monoprix has the only large banner with a premium positioning in France. Within the convenience channel, Casino ranked second by global brand owner. In the hypermarket channel, Casino (via Géant Casino) ranked seventh in France in 2019 in terms of Retail Value RSP, by global brand owner.

Modern Grocery Retailers' market share	2019
Carrefour SA	18.8%
E Leclerc	14.7%
ITM Entreprises SA (Intermarché)	14.4%
Auchan Group SA	9.3%
SA Système U Centrale Nationale SA	8.7%
Casino Guichard-Perrachon SA	**8.6%**
Schwarz Beteiligungs GmbH (Lidl)	5.2%
Louis Delhaize SA	2.9%
Aldi Group	1.6%
Grand Frais Gestion SAS	0.7%

Source: Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, GBO market share, Retail value RSP, excluding sales tax, euro fixed exchange rate. 2019 estimates are based on partial-year information.

E-commerce

France is one of the largest e-commerce markets in Europe, with a market size of c. €46.5 billion in 2019. The segment has been growing at a double digit (12.7%) CAGR between 2014 and 2019.

According to Fevad, for 2019, 51% of buyers surveyed made purchases in the fashion and retail industry, followed by cultural goods (41% of buyers surveyed), games (38% of buyers surveyed), tourism (38% of buyers surveyed), shoes (36% of buyers surveyed), high tech (35% of buyers surveyed), cosmetic/health (33% of buyers surveyed), clothing and household linen (26% of buyers surveyed) and home decoration (25% of buyers surveyed). In terms of total products purchased on the internet, clothing / fashion products are among the products the most purchased on the internet followed by cultural products (50% of e-buyers), high-tech and household appliances are also widely purchased online (38% of e-buyers). In 2019, e-buyers made on average 42 online transactions amounting to €2,600 per e-buyer.

Food and Drink E-commerce penetration rate of grocery retailing in France is very low (3.2%) (calculated as Food and Drink E-Commerce RSV / (Food and Drink E-Commerce + Grocery Retailing) RSV), albeit growing fast (the Food and Drink E-commerce market growing at a CAGR of 10.2% between 2014 and 2019 vs. 0.1% CAGR for grocery retail over the same period, according to Euromonitor). Preliminary Euromonitor data suggests that Food and Drink E-Commerce will grow at a CAGR of 18% between 2020 and 2025, compared to 0.3% for store-based Grocery Retailers.

The grocery e-commerce segment remains anchored around existing major grocery retail players as it has grown through the development of drive formats (e.g. Leclerc Drive, Carrefour Drive) and click-and-collect stores with dedicated areas with vehicle runways and collection points, mostly close to hypermarkets. The segment has also grown through grocery delivery partnerships (e.g. the partnership between Amazon and Casino) mostly developed for proximity and convenience stores. The grocery e-commerce segment has been experiencing high growth in 2020 due to the COVID-19 pandemic and lockdowns in France (in March-April and in November).

According to Fevad, during the second quarter 2020, 408 million online sales transactions were recorded for a total turnover of €25.9 billion, and the number of marketplaces have increased from 191,000 as of the second quarter 2019 to 202,000 the second quarter 2020 (+11,000) in one year.

Online marketplaces have gained considerable share in the e-commerce competitive landscape. This is driven by retail sales value remaining concentrated around a few websites with the widest reach and largest sales. This phenomenon is accentuated by emergence of international marketplaces which can mutualize costs thanks to high volume traded, and offer competitive prices while keeping margins constant. In addition to Amazon, some players like Cdiscount, vente-privee.com and eBay have successfully established marketplace operations. The e-commerce activity remains concentrated among these larger players: 90% of e-commerce turnover is generated by 5.5% of merchant sites (10,000 sites) *(source: Fevad iCE)*. On September 23, 2019, Cdiscount announced the launch of a European platform to compete with Amazon, along with real.de, eMAG and ePrice *(source: the International Marketplace Network)*.

Rank	**Top 10 most visited "e-commerce" sites and apps (Q2-2020)**	**Avg. unique visitors per month (mm)**
#1	Amazon	31.2
#2	**Cdiscount**	**23.4**
#3	Fnac	17.2
#4	Leroy Merlin	14.5
#5	Leclerc	13.8
#6	Vinted	13.7
#7	Carrefour	13.3
#8	Wish	12.9
#9	Vente-privée	12.2
#10	eBay	12.0

Source: Fevad, Médiamétrie

Cdiscount is one of the leaders in e-commerce in France. Cdiscount is the second internet retailer in terms of market share at a total e-commerce level in 2019 including sales via Cdiscount's marketplace, and Cdiscount's own sales. Amazon is the leader in terms of market share in the e-commerce segment.

Below is a summary of the top 10 internet retailing company shares as percent of value in 2019 in France according to Kantar.

Rank	E-commerce share	2019
#1	Amazon	22.2%
#2	**Cdiscount**	**8.1%**
#3	Veepee	3.4%
#4	Fnac	2.1%
#5	Darty	2.0%
#6	Showroomprivé	2.0%
#7	Boulanger	1.8%
#8	Zalando	1.6%
#9	LaRedoute	1.5%
#10	Zooplus	1.4%

Source: Kantar, "e-Kommerce" report

Renewable Energy and Energy Efficiency

Through its subsidiary GreenYellow, Casino is present in the energy industry, more specifically in the photovoltaic energy industry. The key drivers of the energy transition, driving GreenYellow's business model are the following: rapidly increasing share of decarbonized energy sources, strong regulatory incentives for renewables and energy savings, shift from centralized to decentralized energy production units and customers' willingness to reduce their energy bills whilst limiting capex, therefore benefitting energy efficiency agreements ("**EEAs**").

There are three main cost reduction drivers for renewable power, which GreenYellow aims to be well positioned on: economies of scale and competitive procurement, technology improvements, and mature client base.

In the alternative/photovoltaic energy market, the market shares of alternative energy suppliers keep growing since the end of the EDF monopoly in 2007. In France, the giga watt ("**GW**") photovoltaic ("**PV**") installed capacity grew at a CAGR of 13% over 2012-2017, and should grow at a CAGR of 11% over 2017-2035, faster than all other energy sources (*Source: Boston Consulting Group*).

In terms of energy efficiency, France is engaged in an energy efficiency plan, aiming at reducing its final energy consumption to 131.4 million-ton equivalent of petroleum ("**Mtep**"), and to 219.9 Mtep for primary energy (art. 3 of Directive 2012/27/EU) (*Source: Rapport de la Direction Générale de l'Energie et du Climat – Service du Climat et de l'Efficacité Energétique*). France has set the objective to increase its energy efficiency by 20% by 2020 similar to all the other European countries (*source: European Commission*). France's PV capacity additions are expected to amount to 1.3 GW in 2020, the highest level since 2012. This 50% growth compared with 2019 results from the commissioning of projects from auctions held during 2017-2018 for large buildings and ground-mounted installations. In April 2020, the government published its new multiannual energy plan (the PPE), which confirms its commitment to 20 GW of PV capacity by 2023, as well as annual auctions for 2 GW of ground-mounted projects and 0.9 GW of large rooftop installations up to 2024.

Emerging countries have also seen their solar PV net capacity increase over the recent period and it is expected to keep growing. Brazilian solar PV additions in 2020 are expected to increase by over 30% from 2019, with distributed installations expanding the most – by over 2 GW, a record – due to continuation of the generous net metering program. Mineas Gerais (the largest distributed PV market), Sao Paulo and Rio Grande do Sul are responsible for half of Brazil's distributed PV additions, owing in part to high retail tariffs (*source: ANEEL*). Colombia's utility-scale solar PV capacity additions are expected to increase more over the 2020-2022 period than they did in 2019. Two auctions (for energy and reliability) combined will bring online almost 500 MW of utility-scale PV. The reliability charge auction is held for the purpose of ensuring the reliability of power generation capacity even during times of drought.

Solar PV net capacity additions (GW)	**2015**	**2019**	**2020**	**2021**	**2022**	**CAGR 15-19**	**CAGR 19-22**
Europe	**8.6**	**17.2**	**16.2**	**21.2**	**23.6**	**18.9%**	**11.1%**
Latin America	**1.1**	**6.0**	**6.2**	**6.5**	**6.8**	**52.8%**	**4.3%**

Source: IAE

Brazil

Macroeconomic and Demographic Overview

In 2019, the nominal GDP of Brazil amounted to BRL 5,699 billion ($1,363 billion) (*source: IMF*). The IMF ranked Brazil as the largest economy in South America. The Brazilian economy grew 1.1% in real terms in 2019, is expected to decrease by 5.8% in real terms in 2020 due to the COVID-19 pandemic, and grow at a CAGR of 0.7% between 2019-24 (*source: IMF*).

Brazil is the most populous country in South America. In 2019, the population of Brazil amounted to 210.1 million people (*source IMF*). The Brazilian population is expected to reach 216.5 million by 2024, which implies a 0.6% CAGR between 2019-24 (*source: IMF*).

Brazil's economy suffered a severe political and economic crisis in mid-2014 that only ended in 2016. During that period, Brazil fell into recession for two years, hit by the fall in commodity prices and demand (driven by slowdown of the Chinese economy) and an internal political crisis that has undermined investor confidence. Since then, inflation has decreased significantly from 8.7% in 2016 to 3.8% in 2019, resulting in slower growth in cost of food and non-alcoholic beverages, housing and transport (*source: IMF*). Inflation is forecast to grow at a 2.9% CAGR during 2019-24 (*source: IMF*). It is a highly urbanised country, where 87% of the population lives in cities *(source: World Bank).* Brazilian unemployment rate was 11.9% in 2019, is expected to increase to 13.4% in 2020 and further increase to 14.1% in 2021, due to the COVID-19 pandemic (*source: IMF*).

Grocery Retail – Key Trends

While hypermarkets have long been used as anchor outlets in shopping centres in Brazil, a growing number of supermarkets and convenience stores are also opting for such locations. Shopping centres play a strong role in the Brazilian consumer culture, being not only a place for shopping but also entertainment. By seeking mall expansion, supermarket and convenience store players seek to take advantage of the high consumer traffic and shared expenses associated with these areas.

Cash & carry is a strong format in Brazil, catering not only to smaller retailers, small consumer foodservice players and other businesses, but also individual consumers. The channel has benefited from rising consumer price sensitivity as a result of past volatility in consumer purchasing power in the country, with Brazilians increasingly prioritising price over convenience.

Informal retailing is also widely popular in Brazil. Consumers are not only attracted by the lower prices, but also by the convenience offered by informal retailing, with street hawkers and markets focused on high-traffic areas, as well as high-traffic transportation hubs – mostly underground and over-ground trains.

E-commerce also continued to record one of the most impressive performances in 2019, a trend that is predicted to continue, as an increasing number of Brazilians (especially youth) move online to search for more competitive prices and a wider range of products, particularly those offered through large online marketplaces.

2019 saw a significant increase in digitalization in Brazil, with the ongoing development of online delivery platforms, online services such as music and film streaming, as well as online shopping. Brazilians can now pay for these services via increasingly popular digital wallets. Some grocery retailers have also participated in the evolution of this trend, with several initiatives such as in-store Wi-Fi, electronic purchasing and click-and-collect initiatives.

Grocery Retail – Overview of Key Formats from Euromonitor

In 2019, 58.4% of Brazilian grocery retail sales were accounted for by modern grocery as opposed to traditional grocery. The share of modern grocery has increased at a rate of 1.3 percentage points per annum in the last 5 years (from 51.8% in 2014), and the modern grocery retail channel sales are expected to grow at a rate of 0.9 percentage points per annum in the next 5 years.

Brazil has seen strong development of *atacarejo* over the past years, with a 16.0% CAGR for the period 2014-19. Many consumers and businesses in Brazil make little distinction between warehouse clubs (such as Sam's Club, the only warehouse club brand operating in the country) and *atacarejo* players. In Brazil, the leading *atacarejo* are Assaí (Casino), Atacadão (Carrefour), Wal-Mart Brasil's Maxxi and Makro, although there are also many independent operators in this channel.

Brazil Retail Sales Value (€ million)	2014	2019	2024	'14-19 CAGR	'19-24 CAGR
Grocery Retailers	**70,378**	**57,374**	**59,656**	**(4.0%)**	**0.8%**
o.w. Modern Grocery	36,439	33,500	35,017	(1.7%)	0.9%
Convenience Stores	198	493	507	20.0%	0.6%
Discounters	1,690	1,279	1,106	(5.4%)	(2.9%)
Forecourt Retailers	1,423	1,509	1,573	1.2%	0.8%
Hypermarkets	15,016	12,570	12,968	(3.5%)	0.6%
Supermarkets	18,113	17,649	18,863	(0.5%)	1.3%
o.w. Traditional Grocery	33,939	23,875	24,640	(6.8%)	0.6%

Source: Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, Retail value RSP, excluding sales tax, euro fixed exchange rate. 2019 estimates are based on partial-year information.

Grocery Retail – Market Structure and Competitive Landscape

Key domestic grocery retailers in Brazil include Casino (via GPA), Walmart, Carrefour and Cencosud, which have a significant nationwide presence. They are the biggest grocery retailers overall and also in the modern grocery retail channel specifically. Casino was the leading player in the modern grocery retail channel in 2019.

Rank	Modern Grocery Retailers' market share	2019
#1	**Casino Guichard-Perrachon SA**	**16.3%**
#2	Walmart-Brasil Ltda (1)	12.7%
#3	Carrefour SA	12.4%
#4	Cencosud SA	4.9%
#5	Supermercados BH Comércio de Alimentos Ltda	3.5%
#6	Distribuidora Internacional de Alimentacion (Dia) SA	3.5%
#7	Cia Zaffari Comércio e Indústria	3.1%
#8	DMA Distribuidora SA	2.2%
#9	Irmãos Muffato & Cia Ltda	2.0%
#10	Sonda Supermercados Exportação e Importação Ltda	1.9%

Source: Euromonitor International, Retailing 2020 edition, GBO market share as per Modern Grocery Retail, Retail value RSP, excluding sales tax, euro fixed exchange rate. 2019 estimates are based on partial-year information.

(1) Walmart Inc sold 80% of its operations in Brazil in 2018 to private equity fund Advent International. As of September 2019, all Walmart banners were replaced by those under Grupo BIG's ownership.

Colombia

Macroeconomic and Demographic Overview

In 2019, the nominal GDP of Colombia amounted to COP 881,429 billion ($321 billion) (*source: IMF*). The IMF ranked Colombia as the 4th largest economy in South America. The Colombian economy faced a growth slowdown in recent years (2.1% GDP's growth in 2016, 1.4% in 2017, and 2.5% in 2018), but started recovering with a growth of 3.3% in real terms in 2019. However, due to the COVID-19 pandemic, it is expected to decrease by 8.2% in real terms in 2020, and is expected to recover and grow at a CAGR of 1.3% between 2019-24 (*source: IMF*).

In 2019, the population of Colombia amounted to 50.4 million people (*source IMF*). Colombian population is expected to reach 52.8 million people by 2024, which implies a 0.9% CAGR between 2019-24 (*source: IMF*). 81% of the country's population live in cities *(source: World Bank).* The Colombian unemployment rate was 10.5% in 2019, is expected to increase this year to 17.3% due to the COVID-19 pandemic and then fall to 15.8% in 2021 (*source: IMF*).

Inflation has been stable around its target, falling close to 3.5% in 2019. Two-year inflation expectations remain anchored near the central bank's inflation target. Inflation is forecast to grow at 2.4% per annum for 2019-24 (*source: IMF*).

Grocery Retail – Key Trends

The improvement of economic conditions, the upbeat expectations of both traders and consumers, as well as declining uncertainty regarding the socio-political climate after the presidential elections in 2018, resulted in increased consumption expenditure by locals. In 2018 and 2019, retailing in Colombia showed a progressive outlook in terms of consumption by adapting to tax changes, rising prices, and adjustments in households that changed consumers' purchasing behaviour, allowing them to regain confidence in acquiring a greater number of durable goods. Combined with the strengthening of the relation to price, quality and benefits in their shopping experiences, the downward trend present in 2017 appears to have dissipated.

Consumers can easily access retailers in Colombia when they are located near their homes or workplaces, which is true especially for grocery retailers. For non-grocery specialists, consumers commonly visit shopping centres, which are perceived to offer greater safety when shopping; malls are redefining their concept towards family entertainment where people can shop, eat and spend leisure time. To adapt to consumers' needs and habits, retailers are now partnering with third-party services such as delivery services (Rappi, Domicilios.com and Merqueo) to be closer to their customers.

The arrival of discounters in Colombia has decreased the popularity of convenience stores, which are seen as more expensive but with smaller offer. Discounters appeal to both low- and high-income consumers, and have adapted well to consumers' needs and benefited from slowing household consumption, as well as decreasing brand loyalty. The discounter channel has displayed very strong growth rates in recent years of 37.6% CAGR between 2014-2019 according to Euromonitor.

Cash & Carry is in early development stage in Colombia and, although it started as a central market for the institutional market, has been developing towards households consumption. Among the most important brands are Makro (with 130 stores in Latam) and Casino's Grupo Éxito, which entered the segment with Surtimayorista in 2016 (30 stores by the end of 2019), aiming to attract those who buy high product volumes to sell them on or process. These two important players plan to continue to open outlets throughout the country.

Grocery Retail – Overview of Key Formats from Euromonitor

In 2019, 27.2% of Colombian grocery retail sales were accounted for by modern grocery as opposed to traditional grocery. The share of modern grocery has increased at a 0.3 basis points per annum since 2014.

Colombia RSV (€ million)	2014	2019	2024	'14-19 CAGR	'19-24 CAGR
Grocery Retailers	**39,250**	**42,689**	**45,603**	**1.7%**	**1.3%**
o.w. Modern Grocery	10,041	11,596	13,696	2.9%	3.4%
Convenience Stores	87	93	103	1.4%	1.9%
Discounters	586	2,894	3,953	37.6%	6.4%
Forecourt Retailers	67	74	78	2.0%	1.2%
Hypermarkets	4,706	4,198	4,609	(2.3%)	1.9%
Supermarkets	4,595	4,337	4,953	(1.1%)	2.7%
o.w. Traditional Grocery	29,209	31,092	31,097	1.3%	0.5%

Source: Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, Retail value RSP, excluding sales tax, euro fixed exchange rate. 2019 estimates are based on partial-year information.

Grocery Retail – Market Structure and Competitive Landscape

Key domestic grocery retailers in Colombia include Casino (via Grupo Éxito), Supertiendas & Droguerias Olimpica, Koba, and Cencosud which have a significant nationwide presence. They are the four biggest grocery retailers overall and also in the modern grocery retail channel. Casino is the market leader in the modern grocery retail channel in 2019.

Rank	Modern Grocery Retailers' market share	2019
#1	**Casino Guichard-Perrachon SA**	**23.6%**
#2	Supertiendas & Droguerías Olímpica SA	15.2%
#3	Koba LLC	10.6%
#4	Cencosud SA	7.8%
#5	Colombiana de Comercio SA	6.7%
#6	Jerónimo Martins SGPS SA	5.8%
#7	Mercadería SAS	5.6%
#8	Almacenes La 14 SA	2.6%
#9	Caja Colombiana de Subsidio Familiar	1.4%
#10	Fomento Económico Mexicano SAB de CV	0.3%

Source: Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, GBO market share, Retail value RSP, excluding sales tax, euro fixed exchange rate. 2019 estimates are based on partial-year information.

Uruguay

Macroeconomic and Demographic Overview

Over the past fifteen years, Uruguay's economy has been resilient – helping to reduce poverty and raise incomes to one of the highest levels in the region. In 2019, the nominal GDP of Uruguay amounted to UYU 712 billion ($60 billion) (*source: IMF*). The IMF ranked Uruguay as the eighth largest economy in South America. The Uruguayan economy grew by 0.2% in real terms in 2019, is expected to decrease by 4.5% in 2020 due to the COVID-19 pandemic, and will recover at a CAGR of 1.5% between 2019 and 2024 (*source: IMF*). Uruguay is facing inflation at a rate of 7.9% recorded in 2019 and an expected inflation rate of 10.0% in 2020. The inflation is expected to grow at by 6.9% CAGR between 2019-2024 (*Source: IMF*).

In 2019, the population of Uruguay amounted to 3.5 million people and is expected to remain stable in the short-term with a 0.3% CAGR between 2019-24 (*source: IMF*). 95% of the country's population lives in cities *(source: World Bank).* The Uruguayan unemployment rate was 8.9% in 2019, and is expected to increase slightly to 9.7% in 2020 and fall to 9.0% in 2021 (*source: IMF*).

Grocery Retail – Key Trends

The market has been shifting from focus on traditional grocery towards modern grocery operators, which are expected to take over as the leading channel. Supermarkets chains account for the largest sales value share amongst the modern grocery retailers. However, it has to be noted that convenience stores displayed a high growth over the past years and are expected to display a 3.4% CAGR between 2019-24 according to Euromonitor.

Modern grocery retailers are increasingly working with mobile apps to offer their products through this different channel; however, traditional grocery retailers, which at this point in time still account for the largest value share amongst grocery retailers, remain reluctant to venture into internet retailing, as the majority of them are small businesses, without the capacity to invest in mobile apps.

The largest grocery manufacturers and importers have their own distribution networks, whilst smaller ones usually operate through wholesalers with countrywide coverage that reaches small grocery retailers and foodservice outlets with their sales forces. They also decided to capitalise on growing demand for convenience grocery stores, a relatively new channel in Uruguay, thanks to the more accessible locations in comparison to supermarkets and hypermarkets.

Grocery Retail – Overview of Key Formats from Euromonitor

The RSV of modern grocery is expected to increase at a 3.5 percentage points per annum rate between 2019 and 2024.

Uruguay RSV (€ million)	2014	2019	2024	'14-19 CAGR	'19-24 CAGR
Modern Grocery	2,226	2,513	2,988	2.5%	3.5%

Source: Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, Retail value RSP, excluding sales tax, euro fixed exchange rate. 2019 estimates are based on partial-year information.

Grocery Retail – Market Structure and Competitive Landscape

Key domestic grocery retailers in Uruguay include Casino (via Disco, Devoto and Géant), Ta-Ta, Henderson & Cia, and Polakof. In 2019, Ta-Ta retained its long-held number-one ranking, followed by Casino with its Supermercados Devoto Hnos and Supermercados Disco.

Argentina

Macroeconomic and Demographic Overview

In 2019, the nominal GDP of Argentina amounted to ARS 15,421 billion ($445 billion) (*source: IMF*). The IMF ranked Argentina as the third largest economy in South America. The economy fell into recession in 2018. The strong peso depreciation around mid-2018 severely fuelled inflation (34.3% of inflation in 2018, and 53.5% of inflation in 2019 according to the IMF), reducing disposable income and investor confidence. Argentina is currently running out of hard currency while grappling with high inflation and economic contraction. IMF stepped in to assist Argentina with a $44 billion funding arrangement. On September 1, 2019, Argentina has imposed currency controls in an attempt to stabilise markets. As such, firms will have to seek central bank permission to sell pesos to buy foreign currency and to make transfers abroad, which will impact foreign trade. Consumers will need to seek permission from the central bank to purchase more than $10,000 a month. These measures will apply until the end of 2019. In 2020, difficulties increased for Argentina in part as a result of the COVID-19 pandemic. In August 2020, Argentina reached a debt-restructuring deal with private creditors to end its default, under which the country has pushed debt amortisations to 2025 and beyond and reduced interest payments.

In 2019, the population of Argentina amounted to 44.9 million people (*Source: IMF*). The Argentinian population is expected to reach 47.2 million by 2024, which implies a 1.0% CAGR between 2019-24 (*source: IMF*). 92% of the country's population live in cities *(source: World Bank).* The Argentinian unemployment rate was 9.8% in 2019, is expected to increase to 11.0% in 2020 and decrease at 10.1% in 2020 (*source: IMF*).

Grocery Retail – Key Trends

Facing the strong contraction in consumption, supermarkets and hypermarkets were severely impacted. With high fixed costs and less flexibility, they passed through a large part of the increases in costs to consumers, forcing them to seek more economic options. Some of main players had to take extreme measures. Walmart sold 14 of its outlets to Dia Discount and closed one of its hypermarket branches. This context has benefited the cash and carry operators which are one of the fastest-growing channels in recent years. Cash & carry operators adapted themselves to attract consumers with measures such as accepting credit cards, checkout lines for end-consumers, and lower requirement regarding the minimum purchase of products.

Grocery Retail – Overview of Key Formats from Euromonitor

The RSV of modern grocery is expected to decrease at a rate of 0.3 percentage points per annum between 2019 and 2024.

Argentina RSV (€ million)	2014	2019	2024	'14-19 CAGR	'19-24 CAGR
Modern Grocery	15,341	13,610	13,404	(2.4%)	(0.3%)

Source: Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, Retail value RSP, excluding sales tax, euro fixed exchange rate. 2019 estimates are based on partial-year information.

Grocery Retail – Market Structure and Competitive Landscape

Key domestic grocery retailers in Argentina include Carrefour, Cencosud, Dia, La Anonima, Coto CISCA and Walmart. Casino is present via Libertad, being the ninth player in the modern grocery retail channel in 2019. Carrefour is the first player in the modern grocery retail channel in Argentina in 2019 followed by Cencosud and Dia.

BUSINESS

Overview

We are a leading major multi-format, multi-banner and multi-channel retailer with over 120 years of history, offering a diverse range of products and services to customers primarily located in France and, through our interest in GPA, in Latin America. We offer both brand-name and private label food and consumer products through traditional retail stores as well as e-commerce food and non-food websites and apps. We also provide business-to-business and business-to-consumer services through our portfolio of complementary lines of business.

Our retail banners operate under formats which aim to adapt to current consumer trends and needs across the various geographies in which we operate. Our premium retail format offers many innovative services and a high-quality shopping experience. Our convenience retail format is adapted to both city centers and rural areas, offering everyday basics to meet the expectations of customers searching for quality, authenticity and service. Our hypermarket and cash & carry and discount retail formats offer a wide range of quality products at affordable prices. We believe most of our banners enjoy leading market positions in most of our markets.

We have a strong focus on innovation and have developed an omni-channel offering that we believe has favorably positioned us to respond to evolving consumer trends. We have developed partnerships with leading innovators such as Amazon (their first and only partnership in France to date) and Ocado in order to provide best-in-class digital offer and grocery delivery services in France. We also offer customers in France hundreds of stores with autonomous solutions that provide a convenient and seamless retail experience, allowing customers to shop in the evening or on Sunday without the need to go through a physical checkout. Our pure-play e-commerce platform, Cdiscount, is the second largest non-food e-tailer in France by number of unique monthly visitors ("**UMV**"), and has allowed us to offer a range of adjacent business-to-consumer and business-to-business services. In France, Brazil and Colombia, our brick-and-mortar retail banners benefit from mobile applications and other e-commerce functionality that allow us to provide targeted promotions to our customers and give our customers the flexibility to shop how they want, when they want.

We have developed a number of other complementary lines of business that allow us to leverage our know-how while monetizing our asset base. Through our subsidiary, GreenYellow, we have become a leader in photovoltaic energy and energy efficiency with a diverse customer portfolio and an ever-expanding platform of innovative energy solutions. In addition, these businesses also include real estate development and shopping center management, consumer finance and, in France specifically, digital advertising and data center solutions via relevanC and ScaleMax, respectively.

We operate primarily in France and, through our interest in GPA, in Latin America, although through Cdiscount and a number of international affiliates, we provide products and services to customers in other international markets.

For the twelve months ended September 30, 2020, we generated €32,794 million in net sales and €2,595 million in EBITDA and our France Retail and E-commerce segments recorded net sales of €17,642 million and EBITDA of €1,574 million.

History

Our origins date back to 1898, when Geoffroy Guichard created Société des Magasins du Casino and opened the first store in Veauche, in central France. In 1901, we created France's first private label. Our network quickly expanded in the Saint-Étienne region, around Clermont-Ferrand and on the Côte d'Azur. By 1939, we managed nine warehouses, 20 production plants and 2,500 retail outlets.

From the 1950s onwards, we began to diversify our formats and activities. We successively opened our first self-service store, our first Casino supermarket and our first Géant hypermarket before creating the Casino cafeterias.

Starting in the 1980s, in response to an increasingly competitive retail environment, we began to strengthen our operations in France and refocus on our core business as a retailer. Mr. Jean-Charles Naouri became our majority shareholder in 1991. In 1992, we acquired Rallye's hypermarket, supermarket and cafeteria retail activities. In 1997, we acquired a stake in Monoprix-Prisunic and took control of the Franprix-Leader Price banners.

As the year 2000 approached, we were one of France's leading retailers and were poised to expand our international operations. Between 1998 and 2002, we acquired a number of retailers based in Latin America, Southeast Asia and the Indian Ocean. Notably, in 1999, we acquired minority stakes in the Colombian Grupo Éxito and Brazilian GPA companies. In France, we consolidated our positioning in convenience and discount formats. In 2000, we acquired a stake in Cdiscount, an online retailer. We simultaneously developed complementary businesses with the creation of Floa Bank (previously Banque Casino) in 2001. In 2005, Mr. Jean-Charles Naouri became our Chief Executive Officer. That same year, our shopping center properties in France were spun off through the creation and initial public offering of the Mercialys property company, in which we continue to hold 25% of voting rights today.

Over the following decade, we decided to refocus our portfolio of international operations and concentrate our development efforts on markets where we were poised to hold leading positions. With this strategy in mind, we strengthened our positions in France and Latin America by becoming the majority shareholder of Grupo Éxito in 2007 and of GPA in 2012 and by gaining exclusive control of the Monoprix group in 2013. At the same time, we disposed of certain activities, such as through the sales of our operations in the Netherlands, Poland, Taiwan, Thailand, the United States and Vietnam.

In France, we are consolidating our position in leading formats and entering into partnerships with key players in our field to strengthen our omni-channel strategy, particularly in the food segment. For example, beginning in 2017 and 2018, we formed partnerships with Ocado and Amazon, respectively, for next-day and same-day express delivery. In 2018, Monoprix acquired online fashion and personal goods retailer Sarenza, through which we intend to expand our e-commerce channel. Further, in 2018, we partnered with the Auchan Retail, Metro and Schiever groups to create Horizon International Services, a purchasing alliance covering 47 countries, which aims to move away from purely transactional negotiations with suppliers toward a more collaborative, balanced and innovative approach.

In parallel, we have developed new business lines that leverage our operational expertise and monetize our asset base. For example, in 2007, we founded GreenYellow, a solar power generation and energy efficiency company. GreenYellow has since grown into a leader in the provision of solar energy to small and medium enterprises in France, as well as to industrial and international customers. In 2018, we further expanded GreenYellow's operational flexibility by selling a minority stake in the company to Bpifrance and Tikehau Capital.

As we continue to reinforce our positioning in key markets and formats and to evaluate our asset portfolio, we regularly evaluate the potential disposition of assets and businesses that may no longer help meet our objectives. Beginning in 2018, following successive reviews of our business portfolio, we have undertaken the Asset Disposal Plan, pursuant to which we have set a cumulative goal of €4.5 billion. Such disposals have and will continue to focus on increasing our exposure to better-performing formats (such as, *e.g.*, e-commerce and premium and convenience stores) and demographically favorable regions in France (such as, *e.g.*, the Île-de-France, Rhône-Alpes and Provence-Alpes-Côte d'Azur regions). Disposals under this plan have so far included, among others, the sale of 20% of the share capital of Mercialys through two equity swaps for €213 million and €26 million, respectively (following which we continue to hold 20.3% of the voting and economic rights of Mercialys), the €150 million GreenYellow capital increase subscribed by Tikehau Capital and Bpifrance, the sale of our subsidiary Vindémia for an enterprise value of €219 million, the sale and leaseback of Monoprix real estate assets for €742 million and the sale to Aldi France of three warehouses, two Casino Supermarkets and 545 stores in the Leader Price perimeter for an enterprise value of €717 million (including a €35 million earn-out), resulting in €648 million of proceeds, that was closed on November 30, 2020. We have also entered into sale and leaseback transactions with funds managed by Fortress Investment Group and Apollo Global Management for certain groups of our stores. We regularly evaluate opportunities for, and may engage in, significant disposals in the future in addition to the Asset Disposal Plan.

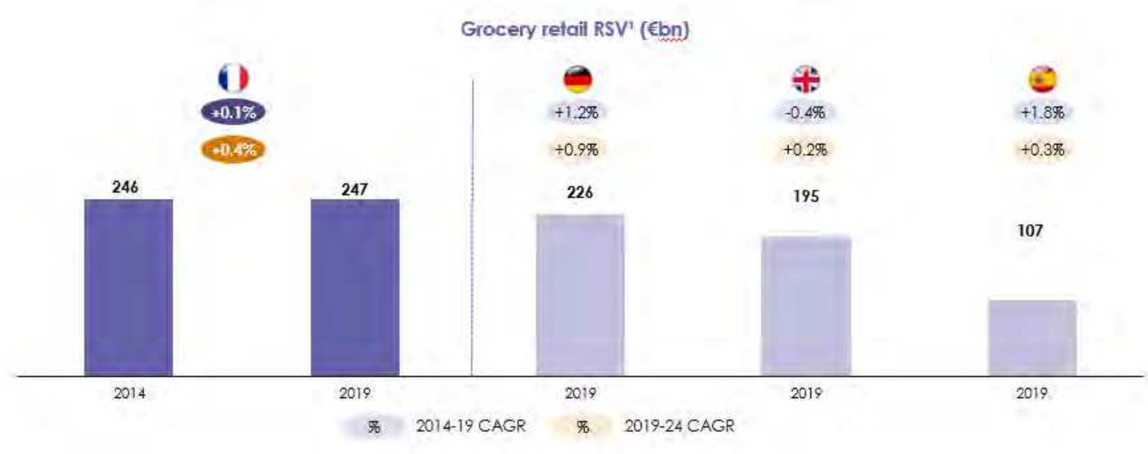
We have the objective to further develop our unique positioning in our most promising formats and geographical areas by expanding the number of stores in those formats, in particular, our convenience and premium formats (with the goal of opening 300 new stores by 2021, of which 105 have already opened in the first nine months of 2020), and our e-commerce and Cdiscount operations by capitalizing on the commercial momentum of these online operations as a result of COVID-19's impact on customer shopping patterns. We also aim to reduce our gross debt and our leverage in France. In addition to the Asset Disposal Plan, we also have the objectives to improve our generation of free cash flow before interest and dividends in France by implementing action plans to reduce our inventories and, as a result, improve our working capital and keep our capital expenditures under strict control. Through our successful refinancing initiatives in November 2019, we have further strengthened our financial structure by extending our average debt maturity. We also intend to accelerate the growth of our new high-capacity businesses, including our energy and data businesses. Finally, GPA and Grupo Éxito also aim to continue to focus on their strategic priorities for 2020, including through the pursuit of the profitable expansion of Assaí stores, operational excellence and profitability at Multivarejo stores and the development of omni-channel and other differentiating formats under the Grupo Éxito umbrella.

Our Competitive Strengths

Leading position in the French food retail market through structurally well-positioned formats, attractive consumer offering and digitalization

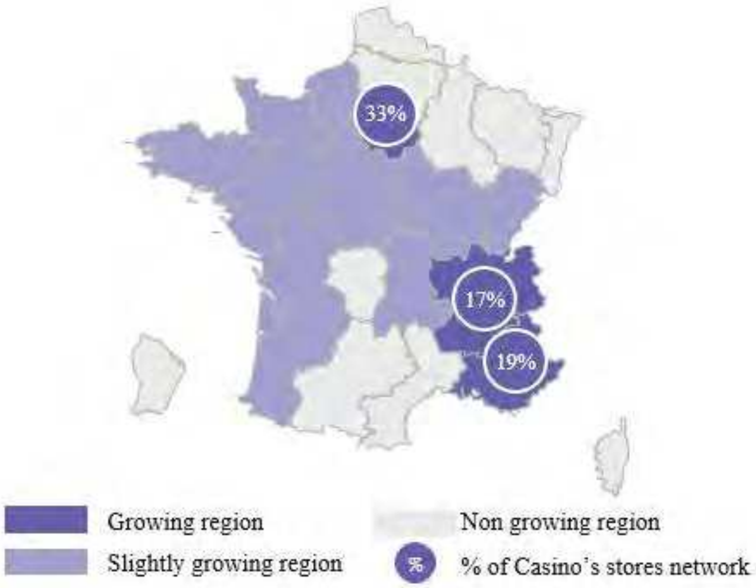
We believe that we are poised to take advantage of a number of favorable consumer trends in French food retail as an already established market leader positioned in dynamic geographic areas and growing market segments that have shown resilience in the face of the COVID-19 pandemic.

We hold leading positions in the French food retail market, the largest grocery retail market in Western Europe in terms of retail sales value ("**RSV**") (based on partial-year information at a fixed euro exchange rate and with retail value measured by retail selling price, excluding sales tax), according to Euromonitor International. The RSV of the French grocery retail market (in nominal terms and applying a constant 2019 exchange rate) has grown at a CAGR of 0.1% between 2014 and 2019, and is projected to grow at a CAGR of 0.4% between 2019 and 2024. The graph below shows the growth in the RSV of the French grocery retail market from 2014 to 2019, the RSV and its historical growth rate in the German, British and Spanish grocery retail markets, and their respective projected growth rates between 2019 and 2024, according to Euromonitor International.



(1) Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, Retail value RSP, excluding sales tax, euro fixed exchange rate.

According to Euromonitor International, we are the sixth largest modern grocery retailer in France, with a market share of approximately 8.6% in 2019 (based on partial-year information at a fixed euro exchange rate retail value measured by retail selling price, excluding sales tax). As of September 30, 2020, we had a network of 7,564 stores in France within a diversified portfolio of 11 complementary banners, each with different strategies to meet changing consumer expectations. Our portfolio of banners in France is particularly focused on convenience and premium formats, which accounted for over 54% of our net sales for the twelve months ended September 30, 2020 and address growing demand from French consumers. Approximately 69% of our France Retail net sales for the year ended December 31, 2019 were generated in three of the fastest growing regions of France – the Ile-de-France, Rhône-Alpes and Provence-Alpes-Côte d'Azur regions – whose combined population accounted for 39% of the total French population and approximately 49% of France's GDP growth according to the latest data available for 2019. As of the end of 2018, we had approximately 1,400 stores in the Paris area, whose population accounted for roughly 18% of the French population as of January 1, 2020. The map below shows our net sales in each of these key regions as of December 31, 2019.



In addition, we are the major French food retailer with the smallest exposure to the declining hypermarket format (which accounted for 26% of our France Retail net sales for the twelve months ended September 30, 2020). Finally, we have over €1.2 billion in net sales from organic products over the twelve months ended September 30, 2020, up from approximately €1 billion in net sales for the year ended December 31, 2018. We offer a large range of organic and free of pesticide products and intend to further leverage our specialized Naturalia stores to develop broad organic offerings across all of our banners. In the third quarter of 2020, our organic sales represented 9% of our total France Retail net sales, reflecting growth of 8% compared to the prior quarter.

The table below shows the expected CAGR of the French grocery RSV for different formats between 2019 and 2024, the position of our various formats and banners within the French market and their contribution to our French Retail net sales for the twelve months ended September 30, 2020.

Format	France grocery retail market RSV CAGR 19-24[2]	% Casino France Retail net sales[1]	Main Casino banners	Casino's ranking[2]
Convenience & Other[3]	1.5%[7]	54% (o/w other 6%)	MONOPRIX (incl. NATURALIA) franprix SPAR monop' Vival Le Petit Casino	#2[2,4]
Supermarkets	0.5%	20%	Casino supermarché	#4[2,6]
Hypermarkets[5]	(1.0)%	26%	Géant Casino	#7[2]

Source: INSEE, Company information, Euromonitor International, Retailing 2020 edition

(1) As of September 30, 2020.

(2) Sourced from Euromonitor International, Retailing 2020 edition, as per Modern Grocery Retail, GBO market share, Retail value RSP excluding sales tax, euro fixed exchange rate. 2019 estimates are based on partial-year information.

(3) Convenience segment includes other activities, which mainly includes Vindémia that has been sold as of June 2020.

(4) Ranking based on Euromonitor Convenience Store category. Casino banners classified as Convenience stores by Euromonitor include Vival, Monop', Casino Shop and Le Petit Casino. There is no available market share information on organic formats. As a result we

believe that our market share in the Proxi and premium segments are therefore segment is underestimated. We also include the SPAR banner into the Convenience store category.

(5) Hypermarket statistics for Casino exclude Cdiscount counter shops.

(6) Ranking based on Euromonitor Supermarkets category – Casino banners classified as supermarkets by Euromonitor international include: Monoprix, Franprix, and Casino Supermarkets.

(7) "Convenience store & other" forecast growth refers to Euromonitor's forecast growth for Convenience category only.

We believe that the French food retail market is characterized by a number of demographic characteristics that are favorable for food retailers like our Group. These trends include a growing and aging French population, as well as increasing urbanization favoring retailers that have a highly concentrated network of stores in towns and cities.

Furthermore, consumers are increasingly leaning toward high-quality, organic goods, leading to a stronger emphasis on the premium end of the market, in particular in dynamic regions. We believe this is favorable for retailers like us, with a diverse range of banners and an already strong position in sales of organic products.

Growth in the French food retail market is moderate, but marked by a strong polarization of format performance, with convenience store net sales expected to grow at a CAGR of 1.5% between 2019 and 2024, supermarket net sales expected to grow at a CAGR of 0.5% and hypermarket net sales (according to Euromonitor) expected to decline by a CAGR of 1.0% between 2019 and 2024. In light of our strong focus on the convenience and premium formats and our low exposure to the hypermarket format, which has further been reduced in recent years, we expect to benefit from the trends favoring supermarkets and convenience formats when compared with our main competitors.

During 2020, we have continued to focus on developing our premium and convenience formats, with 105 store openings in the first nine months of 2020 (with a target of 300 store openings by the end of 2021), in addition to the 213 new stores already opened in 2019. We are also pursuing the development of non-food corners, particularly at Franprix through our partnerships offering Hema, Cdiscount and Decathlon products in Franprix stores, which have been integrated into 134, 45 and 19 stores, respectively, as of September 30, 2020.

We have further enhanced our brick and mortar French food retail operations with a number of digital initiatives. For example, each of our principal French retail banners has a mobile application enabling customers to do their shopping or monitor their loyalty card online. As of December 31, 2019, our banners' applications have been downloaded approximately 10 million times. Subscribers of our Casino Max Extra offer, who benefit from a 10% discount on all purchases in exchange of a monthly or annual subscription, generated approximately 10% of our hypermarket and supermarket net sales for the six months ended June 30, 2020. Furthermore, we have implemented a number of digital solutions to enhance our customers' shopping experience, such as integrating mobile payments, digital receipts and scan and go solutions through the Monoprix and Casino Max mobile apps. Our banners' apps also allow individual marketing capabilities, with personalized, targeted coupons and discounts, which we believe is a key distinguishing factor from most of our competitors.

Innovation is also central to the development of our Casino Supermarkets banner. In 2018, the banner opened a unique store concept in Paris, "Le 4 Casino", combining physical and digital retail and a place to relax and socialize. Casino Supermarkets are rapidly developing omni-channel and e-commerce initiatives, such as drive & collect, click & collect or home delivery. We also work constantly to enhance the customer experience through the roll-out of new digital solutions, particularly through the Casino Max app, which covers our supermarket, hypermarket and convenience networks.

As of September 30, 2020, 477 of our stores had autonomous solutions (compared to 305 as of the end of 2019), enabling them to operate without the presence of full retail staff, including in the evening and on Sundays. As of September 30, 2020, digitalization of our customer experience further increased with 51% of payments at hypermarkets and 44% of payments at supermarkets carried out by smartphone or automatic checkout.

Our strategic positioning has enabled us to take advantage of consumer trends in the French food retail market that have been accelerated by the two lockdowns resulting from the COVID-19 crisis. We believe that the concurrent social distancing measures and government-imposed lockdowns boosted at-home consumption as individuals increasingly worked from home and reduced outdoor dining, resulting in an unprecedented growth in demand for food retailing in the first half of 2020, particularly for the Group's proximity formats (convenience and urban stores) and food retail sales through e-commerce channels. As an omni-channel retailer, we have been able to benefit from a first-mover advantage in addressing increased customer demand for food retail e-commerce offerings, which we believed already had the potential to grow significantly in France and demonstrated increased growth as a result of the lockdowns and social distancing measures put in place to confront the health crisis. In 2020, demand on our food e-commerce sites has been particularly high. Food e-commerce sales generated triple-digit growth in the second quarter of 2020 with the deployment of click & collect and home delivery solutions in urban and convenience formats. Food e-commerce orders were up by 50% from approximately 6,500 orders before the crisis to approximately 10,000 orders per day at the end of the first half of 2020.

Best-in-class food and non-food e-commerce platform

We believe that our Group has one of the most comprehensive e-commerce offerings among retailers in France, including as a French leader in non-food e-commerce through our subsidiary, Cdiscount.

Food e-commerce innovator

As a pioneer in food e-commerce, we have developed significant expertise in home delivery by forging broad and strategic partnerships with leaders in the sector, enabling us to provide best-in-class home delivery solutions through a profitable e-commerce model with lower preparation costs. These partnerships cover two different market segments: next-day delivery for a wide range of products and express delivery in under two hours for a select range of products.

Our expertise in next-day delivery has been facilitated by the exclusive partnership that began in 2017 between Monoprix and Ocado, pursuant to which an automated warehouse based on Ocado technology, the Casino O'logistique warehouse, was built in early 2020. The Casino O'logistique warehouse, which was launched in May 2020, is designed to prepare and provide next-day delivery of Monoprix shopping baskets in Paris and areas of the Île-de-France region covering approximately 75% of that region's population, as well as parts of Normandy and the Hauts-de-France region. This disruptive and internationally sought after technology can prepare a basket of 50 items in only six minutes, offering Monoprix and Casino online customers a vast assortment of food products and the very best in service and affordability. In addition, on September 30, 2020, the O'logistique warehouse extended its activity to customers of Casino Supermarkets and Géant Casino banners.

Our next-day delivery e-commerce offering was enhanced in 2018 with the beginning of a partnership with Amazon for express delivery of a select range of products within two hours for customers in Paris. This partnership has expanded to allow Amazon Prime Now customers access to a wide offering from Monoprix and Naturalia, as well as a large range of our Casino private-label items. As of December 31, 2019, the Monoprix store available on Amazon Prime Now included more than 6,000 items, including approximately 1,500 private-label products, and the Naturalia store on Amazon Prime Now included approximately 2,000 products. This delivery option has also expanded geographically, covering the Greater Paris Region, the Côte d'Azur (Nice and surrounding towns), Lyon and Bordeaux.

We have also leveraged our brick-and-mortar presence to provide logistics solutions for our customers, including in food e-commerce. Our O'logistique warehouse automated with Ocado technology began operating in March 2020 and was open for public orders in May 2020. We can generate up to approximately €500 million in sales per warehouse, offering customers approximately 50,000 SKUs. In addition, we offer a full range of local home delivery options, click & collect and drive-up service at our hypermarkets and supermarkets.

Cdiscount: a national champion in non-food e-commerce

Through our Cdiscount subsidiary, we are the second largest player in non-food e-commerce in France. Cdiscount is a subsidiary of our e-commerce unit, Cnova, in which we directly hold an approximately 65% economic interest. With more than 22 million UMVs on average over the third quarter of 2020, Cdiscount has achieved critical mass, meaning it is able to gradually shift from exclusively B2C operations to a business model more oriented toward the B2B market, due to the development of its marketplace. This transition is a key factor in developing Cdiscount's profitability. For the twelve months ended June 30, 2020, Cdiscount's GMV reached €4,092 million, up 4.9% as compared to the year ended December 31, 2019.

Cdiscount features a wide array of products, with more than 91 million product offerings, including in the home appliances, furniture, IT and culture categories. For the three months ended September 30, 2020, the Cdiscount marketplace represented 45% of its GMV, with a target to reach 50% of GMV in the medium-term. Cdiscount also offers an ever-expanding range of services for individuals, including holiday packages, ticketing, energy plans, as well as health and financial services. Providing retail and service offerings to customers in 27 countries in Europe, Cdiscount has excellent international coverage. In 2019, Cdiscount entered into an alliance with three other European marketplaces, called the International Marketplace Network (IMN), to synchronize marketplace merchant offers and strengthen expansion outside France, giving Cdiscount access to roughly 230 million customers. Furthermore, Cdiscount is also developing a new Marketplace as a Service (or MaaS) offer to address European e-commerce websites.

Track-record of growth and value creation from new businesses

To effectively respond to market changes, we continuously adjust our model and have developed new adjacent activities with strong growth prospects that complement our business as a retailer. These activities fall into two categories: energy, through our specialized subsidiary, GreenYellow, and data and data centers, through our subsidiaries relevanC and ScaleMax.

Photovoltaic power and energy efficiency: GreenYellow

In 2007, we launched a new business in photovoltaic energy and energy efficiency through our subsidiary, GreenYellow, which capitalizes on our expertise in the real estate sector through our property development, construction and operation activities, as well as the favorable geographic location of our stores, mainly those located in sunny regions. Initially dedicated to managing internal energy costs, particularly through the roll-out of photovoltaic systems on the rooftops and in the car parks of our hypermarkets and supermarkets, the business has gradually developed to offer a wide range of energy solutions for external customers, benefitting from strong green energy momentum. It has three areas of expertise: the installation of photovoltaic plants and solar energy production, energy efficiency solutions and energy monitoring services. GreenYellow's cross-cutting expertise, from both an ecological and economic standpoint, means it is able to provide its private and public customers with a wide range of solutions to produce, manage and optimize their energy consumption.

Although GreenYellow is primarily positioned in France, it has extensive operations in 17 different countries outside France throughout Latin America, Asia and Africa. GreenYellow's customer portfolio is diverse, offering services to a broad range of customers, including public authorities, private players and individuals. It offers an ever-expanding and wide platform of innovative solutions, such as direct-to-customer natural gas offerings to Cdiscount customers, energy efficiency contracts signed with retailers in Brazil, a floating 6 MWp solar power plant in Thailand, a 1.5 MWp project completed in Cambodia and a hybrid system of solar power generation in Africa. GreenYellow has become a leading energy operator and intends to position itself as the energy partner of choice for companies and public authorities.

In order to further ramp up its development, in 2018, GreenYellow opened its capital to external investors Tikehau Capital and Bpifrance through a €150 million capital increase, following which they now hold 24% of GreenYellow's capital. In addition, in 2018, GreenYellow created a joint venture with Engie named Reservoir Sun, dedicated to solar self-consumption for businesses and municipalities in France, and in 2019, signed a new partnership agreement with Allego to deploy France's largest network of ultra-fast electric vehicle charging stations. For the year ended December 31, 2019, GreenYellow generated an EBITDA of €76 million.

In the first half of 2020, GreenYellow continued to develop and expand, with the signing of its 100th photovoltaic contract in Thailand, as well as a new 12MWp photovoltaic contract in South Africa, a strategic growth geography for GreenYellow. Most recently, GreenYellow entered into an energy efficiency contract for a major South African food retailer for five of its retail stores. As of September 30, 2020, it benefited from a pipeline for projects equivalent to 543 MWp, increased from 451 MWp as of December 31, 2019 and 200 MWp as of December 31, 2018.

Data and data centers: relevanC and ScaleMax

We have access to targeted, high-quality customer data due to our vast network of brick-and-mortar stores and high volume of e-commerce customer traffic.

We have developed a consistent monetization strategy for such data, which has become a key intangible asset for retailers looking to understand consumers' tastes and aspirations, and to anticipate upcoming changes in consumer habits. In 2018, we created 3w.relevanC, a subsidiary dedicated to the consumer data business, specialized in three areas: analyzing purchasing behavior, activating advertising campaigns and measuring the impact of offline campaigns.

In February 2020, 3w.relevanC combined with Maxit, our "digital factory" that focused on technology innovation for our various banners, to form relevanC, which has grown to be a key player in digital marketing. RelevanC provides brands and retailers with customer acquisition and retention solutions, based on targeting strategies and impact measurement, via two divisions: advertising and retail tech. RelevanC's advertising division offers clients media and marketing solutions, enhanced by transactional data, insights and measurements, to help clients meet the multi-channel marketing challenges with their target shoppers, while the retail tech division offers clients technological solutions to enable them to optimize the performance of their marketing campaigns through the use of data to personalize the customer relationship.

RelevanC is focused on developing strategic partnerships with key industry players, such as through its partnership with Orange Advertising, pursuant to which it measured the impact on of television advertising on customers' buying habits. relevanC is in the process of implementing an automated platform for managing and monitoring advertising campaign budgets to help speed up the acquisition of new clients. For the twelve months ended September 30, 2020, relevanC generated gross sales of €83 million. RelevanC has continued to enjoy good momentum, with gross sales under banner reaching €24 million in the third quarter, a year-on-year increase of +27%, compared to €67 million in for the year ended December 31, 2019 and €14 million for the year ended December 31, 2018.

Additionally, in December 2018, we positioned ourselves on the cloud computing market through the creation of a joint venture, ScaleMax, alongside Qarnot Computing. ScaleMax aims to run new-generation data centers in unused spaces, such as those located in warehouses and storerooms. ScaleMax opened its first data center in the Greater Paris region (Réau, Seine-et-Marne) in a Cdiscount warehouse. This business helps the Group generate revenue through the sale of computing power to a diversified client portfolio. In addition, the installed servers generate heat, which can be used to heat the buildings where they are housed. The green energy generated by these servers is managed by GreenYellow.

Since its inception, ScaleMax has successfully doubled its computing capacity. As of June 30, 2020, over 26,000 cores had already been deployed for customers other than Group entities. In addition, ScaleMax has secured contracts with a broad range of clients, including several banking clients, start-ups specialized in artificial intelligence and 3D animation studios. In the third quarter of 2020, ScaleMax continued to expand its customer portfolio, signing a new contract with Illumination Mac Guff, an animated film production company that belongs to Universal Pictures. During the COVID-19 lockdown period, ScaleMax was able to make computing capacity available to the Folding@home project for research against COVID-19.

High-growth operations in attractive Latin American markets

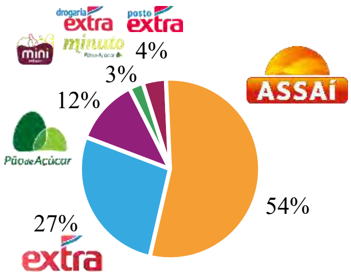
Through our interest in GPA, which in turn owns Grupo Éxito, we have a highly developed network of retail banners in a number of attractive formats in Brazil, Colombia, Argentina and Uruguay. The Latin American business benefits from attractive markets with strong underlying macroeconomic trends, including a growing population of over 300 million, which is favorable for food retailers. As an established player in these markets, we believe we stand to benefit from the favorable demographics of these countries, combined with their fundamentally strong economies. Through the Latam Reorganization Transactions, we recently simplified our holding structure in Latin America, and are currently studying the possibility of further simplifying our structure in Latin America to unlock further value in our Latin American business. Despite a high rate of urbanization, the penetration rate of modern grocery stores in these markets remains relatively low. As a result of this, as well as the rapid development in these countries of digitalization and urbanization rates, we expect rapid structural changes in the region. In this context, we believe that retail groups like ours with extensive digital know-how and omni-channel capabilities are especially well-positioned to benefit from growth in Latin America, where digital media has had an extensive impact.

In Brazil, GPA was the largest player in grocery retail and one of the largest players in the cash & carry market through its Assaí banner in 2019, with net sales of €11,368 million for the twelve months ended September 30, 2020. As of September 30, 2020, GPA had a network of 1,054 stores throughout the country, through both its Assaí and Multivarejo segments. GPA is active across various formats, channels and regions of Brazil. As of November 27, 2020, the market value of Casino Group's share in GPA was €1.2 billion (based on GPA's share price and the spot foreign exchange rate between the euro and the Brazilian real on that date).

We are currently studying the possibility of further simplifying our structure in Latin America to increase our strategic focus and enhance valuation, through a potential spin-off of Assaí.

The chart below shows GPA's Brazilian banners as of September 30, 2020 and their respective contribution to GPA's net sales for the twelve months ended September 30, 2020.

GPA sales breakdown by format
(LTM Sep-20)



In 2019, Assaí, GPA's cash & carry banner, was one of the country's largest players in this segment based on market share, according to Euromonitor International's Retailing 2020 edition. Assaí has shown organic growth in net sales of 28% per annum in the last six and a half years. For the twelve months ended September 30, 2020, Assaí's net sales accounted for 54% of GPA's total net sales, an increase from 51% for the year ended December 31, 2019 and 24% for the year ended December 31, 2014. GPA continues to pursue the profitable expansion of Assaí stores, with 42 store openings in the two years ended September 30, 2020, and include 176 stores to date. In addition, GPA also conducts its retail business through its Multivarejo segment, offering customers a wide range of products and services through various formats and banners. In 2020, GPA's hypermarkets showed strong development of online sales, with a sequential increase in EBITDA margin of 1.9 points as compared to the end of 2019, with improved sales and gross margins.

.In an effort to realize Assaí's full potential on a standalone basis, as of September 2020, GPA launched a study to spin-off Assaí. This would enable Assaí, on the one hand, and GPA and Éxito, on the other, to focus on their respective business models and the opportunities in their respective markets, as well as eliminating corporate inefficiencies and allowing for effective capital allocation. We believe this will allow us to unlock additional value from the rapidly expanding cash & carry banner. For more information about the potential spin-off of Assaí, see "*—Our Strategies— Optimal positioning to take advantage of strong underlying growth in Latin America*".

GPA is also a pioneer in food e-commerce, digital transformation and innovation in Brazil. Its digital initiatives include:

- James Delivery: In December 2018, GPA acquired 100% of the startup that operates the application James Delivery, a multiservice platform for ordering and delivering various products. As of December 31, 2019, James Delivery expanded its delivery service offering to 19 cities.
- Digital loyalty program: The "My Discount" mobile application, which enables customers to access and use customized coupons, represents a large portion of GPA's customers registered under loyalty programs.
- Cheftime: At the end of 2018, GPA entered into a partnership with Cheftime, a pioneering foodtech startup that sells individual gastronomic kits and offers customers an online subscription service. Implemented under the Pão de Açúcar banner, Cheftime sold over 200,000 kits in 2019.
- Partnerships with startups: GPA has created an internal lab to reinforce its cooperation with startups and achieve increased speed and efficiency in its product launches.
- Microsoft: GPA has entered into a partnership with Microsoft to design a new store model, with sensors capable of interacting with its banners' digital platforms and additional features such as lockers, facial recognition and self-checkout.
- Stix Fidelidade: GPA has entered into a coalition with Raia Drogasil, a leading Brazilian drugstore retailer, to further strengthen and broaden its customers' power of choice by offering customers the ability to purchase products and services to accumulate or redeem points. Beginning in the second half of 2020, Stix Fidelidade will serve more than 50 million of GPA and Raia Drogasil's loyal customers.

We operate in Colombia, Uruguay and Argentina through Grupo Éxito, which generated €3,766 million in net sales for the twelve months ended September 30, 2020.

As of September 30, 2020, Grupo Éxito operated a network of 2,099 stores, with a diverse range of formats and innovative propositions. Grupo Éxito also offers consumers a complementary offering of financial services and consumer finance options through its finance joint venture Tuya. Finally, Grupo Éxito has successfully leveraged its significant real estate holdings by launching and growing a commercial property development business, Viva Malls, the largest commercial property developer in Colombia, with approximately 512,000 square meters of gross leasable area ("**GLA**"), including 12 shopping centers and six outdoor malls as of December 31, 2019.

In Colombia, where Grupo Éxito is the leading modern grocery retailer (according to Euromonitor International's Retailing 2020 edition), Grupo Éxito has launched several initiatives in relation to food e-commerce, digitalization and innovation. These initiatives include:

- Mobile applications: The Éxito and Carulla banners launched mobile applications in the first quarter of 2019 that enable customers to access customized coupons. In the third quarter of 2020, App Annie ranked the Éxito and Carulla mobile applications as the second most downloaded applications for online food shopping in Colombia in 2020. As of December 31, 2019, these applications had been downloaded nearly two million times.
- Rappi: Grupo Éxito has entered into a strategic partnership with Rappi, a delivery service startup, to improve its delivery services.
- Carulla Smart Market: In December 2019, Grupo Éxito launched Carulla SmartMarket, the first smart retail store in Colombia, providing nearly twenty high-tech shopping experiences, such as facial recognition payment, an electronic sommelier and fully digital shopping experience.

Grupo Éxito, through its banners Devoto, Disco and Géant, is a leading food retailer in Uruguay. Although Grupo Éxito offers a range of different formats in Uruguay, it has particularly focused its expansion efforts on its Devoto Express convenience stores. In addition, Grupo Éxito has implemented an operational excellence program in order to boost productivity and counteract the effects of inflation on operating expenses. As a result of such efforts, Grupo Éxito's Uruguayan operations are highly profitable, with a 9.2% EBITDA margin for the year ended December 31, 2019.

In Argentina, the Libertad banners are present in the Córdoba region, with 25 hypermarkets and convenience stores. Further to its dual retail and real estate business strategy, Libertad continued to seek opportunities to optimize its real estate portfolio, with a total GLA of approximately 170,000 square meters in 15 shopping centers as of March 31, 2020, making Libertad the third-largest real estate player in Argentina. Libertad's shopping centers had an occupancy rate of 93.9% for the year ended December 31, 2019, comprised of 800 businesses, 85% of which are local small- and medium- sized businesses, which is higher than the average recorded by local competitors.

For more information about our proposed simplification of the Latin American structure, including the potential spin-off of Assaí, see "*—Our Strategies— Optimal positioning to take advantage of strong underlying growth in Latin America*".

Rated best-in-class for ESG commitments

Our commitment to ESG has been recognized by a number of leading ESG rating agencies. In June 2020, Vigeo Eiris ranked our Group as the number one European retailer for its ESG policy and commitments, selecting us as first out of 129 French companies for our climate and environmental protection commitments, human resources policies, corporate governance and employee relations and human resources policies. In addition, in October 2020, we were the only retailer in the Wall Street Journal's list of the world's top 100 most sustainably managed companies. With an AA overall rating, we were also in the top quartile of MSCI's ESG scores in global food retail & staples. We have also received top ESG scores by FTSE4Good (4/5), RobecoSAM (70/100), Sustainalytics (76/100) and CDP (A-).

As a group that is committed to a sustainable retail model, our ESG policies are particularly important to us. We seek constant improvement in our non-financial performance in order to address the concerns of customers who are sensitive to the impact of their purchases. Our program gives us the foundation to build trusted relationships with our partners and suppliers, strengthen employee motivation and attract top talent.

Since 2002, our commitment to sustainable development has been supported by a system of organization and governance involving managers at all levels of our Group, including the highest level of our management team.

Our CSR department, which operates under and reports to the General Secretary of the Executive Committee, has rolled out the "CSR Spirit", continuously improving our ESG program in France and abroad in coordination with the various subsidiary CSR departments. The below table presents a summary of our key ESG commitments.

Group Ethics Charter	United Nations Sustainable Development Goals (SDG)	Paris Climate Agreement
Universal Declaration of Human Rights	Eight fundamental conventions of the ILO	Montreal Protocol
United Nations Global Compact	UN Women's Empowerment Principles	Science Based Targets (SBT)

Our environmental commitment

Determined to improve our environmental footprint, we were the first French retailer to adopt carbon emission reduction targets in line with the Science Based Targets initiative, which is led by the United Nations' Global Compact and the WWF. Since 2015, we have also committed to reducing our Scope 1 and 2 greenhouse gas emissions by 18% by 2025 (on a Group basis), and have already met this target in France, having reduced our emissions by 19.6%. This performance is due in part to the activities of GreenYellow, our subsidiary and an energy efficiency and renewable energy expert, which have enabled to avoid annual emissions of 110,000 tons of CO_2, and, by 2022, is expected save 440,000 tons of CO_2 (*i.e.*, virtually all of our current direct emissions in France). We are also committed to reaching a target of 100% of reusable, recyclable or compostable packaging for our Casino private-label products by 2025. In 2019, we successfully used 160 tons of recycled plastic for packaging.

Moreover, part of our commitment to offering sustainable food to our consumers is to ensure sustainably sourcing. We have committed to a target of sourcing 100% of the palm oil used in our French private-label products from sources certified by the Roundtable of Sustainable Palm Oil by 2020.

Our commitment to promoting health and animal welfare

We aim to offer healthy and sustainable food to all of our customers, including those with the lowest income. In addition to increasing our organic offering to over €1 billion in net sales in 2019, we have continued to strengthen our range of responsible products. Moreover, we have pledged to label all of our Casino private-label food products with Nutri-Scores by 2021, and have already done so for more than 40% of such products, demonstrating our commitment to our customers' health.

For many years now, we have been working closely with suppliers, local production chains and animal rights organizations in a commitment to offering products that are more respectful of animal welfare.

To drive a cycle of continuous improvement, we cultivate dialogue with a wide range of stakeholders, including NGOs, veterinarians, suppliers, production chains, consumers and employees, in the hope that these initiatives will improve and broaden the array of animal-welfare friendly products on its store shelves and enable customers to enjoy better quality products made from more ethically treated animals.

The chosen approach consists of both monitoring conditions in the breeding, transport and slaughtering process and supporting the production chains as they transition to better, more welfare-friendly practices. Our assertive commitment was recognized by the Business Benchmark on Animal Farm Welfare (BBFAW), which in 2018 rated our performance as Tier 3, at the top of French retailers on this issue.

Consumer awareness plays a critical role in improving the treatment of farm animals, and to inform shoppers about the animal welfare aspects of the products they buy, we developed a labeling system in collaboration with three recognized animal rights organizations (including Compassion in World Farming), which will help to support standardized animal welfare labeling in France. The labels were initially prepared for broiler chickens, with the first labeled products appearing in stores in December 2018. At the beginning of 2020, the program was extended to other distributors and producers.

Our social commitment

We have a longstanding commitment in favor of gender equality and diversity. In 2019, 52% of our 219,132 employees were women, 39.5% of which were employed at the management level Group-wide (reflecting a 4.5 percentage point increase compared to 2015). In addition, in 2019, more than 8,500 of our employees were classified as having a disability, representing an increase of 28% compared to 2015 (in Brazil, this figure represents an increase of 94% since 2015). We are also committed to diversity in age, with 47% of our workforce between 30 to 50 years old, 39% under the age of 30 years old and 14% were 50 years old and over in 2019. We believe we are the only French retail group that has been awarded the Equality and Diversity Label by the *Association Française de Normalisation* (AFNOR).

We are also strongly committed to supporting the most vulnerable through our various charitable foundations. In 2019, our collection and donation initiatives resulted in the donation of nearly 21,900 tons of food products (equivalent to 43 million meals) to food banks or other social welfare organizations. In Brazil, GPA deploys a number of annual initiatives, inviting clients to donate food and products to social institutions. In 2019, GPA donated 2,400 tons of food and products, including 1,300 tons of food collected on Solidarity Day, GPA's yearly initiative with over 100 partner organizations. Through the Éxito Foundation, Grupo Éxito also supports numerous initiatives to fight malnutrition in Colombia. During the COVID-19 crisis, we were fully engaged in both France and South America, donating two million masks to French hospitals and setting designated shopping hours for the elderly and healthcare professionals, among other initiatives.

Our governance commitment

Our Board of Directors is strongly committed to diversity. Catherine Lucet, the lead independent Director, is also a member of the Audit Committee and Chair of the Governance and Social Responsibility Committee. There are no controlling shareholder representatives on any of our Board Committees. Further, 46% of our Board members are women. Our Board is strongly committed to its initiatives, as evidenced by the 13 meetings (93.5% attendance rate) and the 24 meetings of our committees (100% attendance rate) which took place in 2019. See "—*Corporate Social Responsibility (CSR)*".

Proven record of initiatives to support cash flow generation and deleveraging

We have successfully undertaken a number of initiatives to reduce our indebtedness, improve our cash flow and reduce operating costs in recent years.

We have demonstrated an ability to deliver on a number of ambitious asset disposal plans that we have launched in recent years. Beginning in 2018, following successive reviews of our business portfolio, we have undertaken the Asset Disposal Plan, pursuant to which we have set a cumulative goal of €4.5 billion in asset disposals in order to accelerate the completion of our strategic focus on buoyant formats (including e-commerce, premium and convenience) and geographies, and on new businesses (such as energy, data and data centers). We have completed €2.8 billion in disposals to date. The table below summarizes the disposals made under the Asset Disposal Plan to date:

Disposal plan amount	Timeline	Cumulated amount achieved within each plan	Assets sale
€4.0bn	**2016**	✓ **€4.0bn**	▪ Thailand and Vietnam ▪ Strong capital gains
€4.5bn	**2018**	✓ **€1.1bn**	▪ Non-core assets ▪ €213m from 15% stake of Mercialys ▪ €742m from Monoprix real estate assets ▪ €150m from GreenYellow capital increase ▪ R2C
	2019	✓ **€1.8bn**	▪ €392m – Fortress transaction ▪ €327m – Apollo transaction ▪ €20m – 20 restaurants "A la Bonne Heure" & "Coeur de Blé"
	2020YTD	✓ **€2.8bn**	▪ €717m EV from Leader Price (including €35m earn out) ▪ €219m EV from Vindemia ▪ €26m from 5% stake of Mercialys
	Ongoing	✓ **In progress**	▪ Leader Price earn-out ▪ Fortress and Apollo earn-out ▪ Other assets under ongoing discussions

In addition, in June 2018, we launched the Rocade Plan to dispose of or close loss making stores, particularly in our Géant Hypermarkets and Casino Supermarket formats. Store disposals and closures have allowed us to focus on our most profitable stores, and save approximately €50 million on a full-year basis. The table below summarizes our valuable asset base.

Assets	% interest	Store network as of 30 Sep-20	LTM Sep-20 metrics
Hypermarkets (o/w Géant)	100%	105	Sales: €4.0bn (o/w €3.8bn for Géant[9])
Monoprix	100%	791	Sales: €4.5bn
Franprix	100%	869	Sales: €1.6bn
Supermarkets	100%	414	Sales: €3.1bn
Convenience & other	100%	5,166	Sales: €2.3bn
GreenYellow	75%[1]	-	EBITDA: €76m[2]
Mercialys	20%[3]	-	Casino stake market value: €130m[4]
Floa Bank (previously Banque Casino)	50%	-	€2bn loans granted in 2019 ; €22m current profit
relevanC	100%	-	GMV: €44m in H1 2020
Real estate assets (France)	100%	-	Valuation: €1.3bn
Cdiscount	65%[5]	-	GMV: €4.1bn ; EBITDA after leases: €71m[6]
Latam Retail	41%	3,151	Sales: €15.2bn ; EBITDA: €1.0bn ; Casino stake market value: €1.2bn[7]
- Assai	-	176	Sales: €6.2bn
- Multivarejo	-	878	Sales: €5.2bn
- Exito[8] (Colombia, Uruguay, Argentina)	-	2,097	Sales: €3.8bn

(1) 24% held by Tikehau and Bpifrance.

(2) As of December 31, 2019.

(3) Reflects Casino's stake in Mercialys.

(4) Based on market capitalization on December 3, 2020 of €650.1 million.

(5) Stake directly held by Casino (79% including GPA stake).

(6) Reflecting Adjusted EBITDA including leases for the twelve months ended June 30, 2020 after leases (repayment of lease liabilities and interest on lease liabilities).

(7) Based on GPA's share price of BRL69.45 (€10.91 at BRL/EUR spot rate of 6.366) as of November 27, 2020 and Casino's stake in GPA of approximately 41%.

(8) GPA owns a stake of approximately 97% in Éxito.

(9) Excluding Codim stores in Corsica.

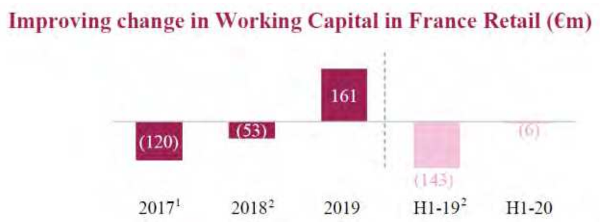
In addition to asset disposals, we have carried out in the past, and are continuing to carry out, a number of initiatives to improve our France Retail and E-commerce trading profit and free cash flow generation to support further reductions in our net debt. Such initiatives include reductions in operating costs, working capital and capital expenditures.

With respect to our operating costs, such initiatives include cost-saving measures, the Rocade plan (whereby the disposal or closure of loss-making stores initiated in 2018 had an effect in the third quarter of 2020 of €15 million) and recurring savings from transformation plans initiated in the third quarter of 2020 (amounting to €30 million in the third quarter of 2020). Our historical growth in post-IFRS 16 EBITDA and margin in our combined France Retail and E-commerce segments is represented below.

(1) The 2018 figures presented have been restated.

(2) Adjusted EBITDA.

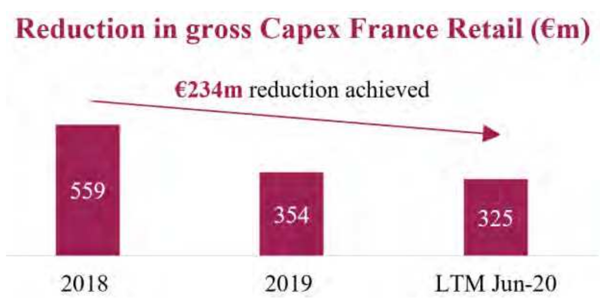
Working capital initiatives include the reduction in slow-moving SKUs and optimization of our logistics organization and in-store supplier inventory. The graph below summarizes our historical improvements in working capital for our France Retail segment.



(1) The 2017 figures are presented as reported.

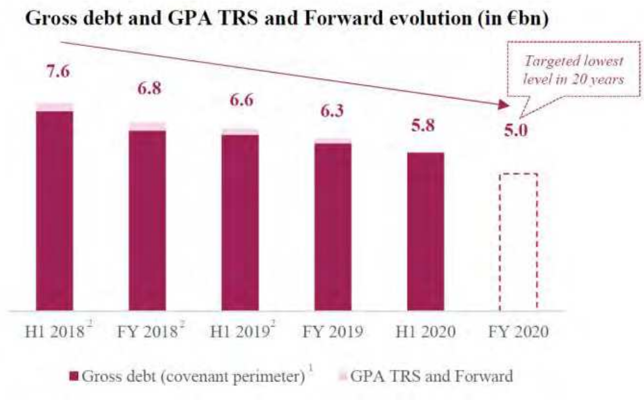
(2) The 2018 and 2019 figure shave been restated to reflect our discontinued operations, (i.e., excluding Leader Price).

We have completed major transformation programs, which led to a reduction of France Retail annual capital expenditures of over €200 million from 2018 to 2019, reflecting our capital expenditure control, with priority investments in digital activities and Monoprix. We target yearly gross capital expenditures in France of approximately €350 million. Our historical reduction in gross capital expenditures in France Retail is presented below.



We have also pursued a business model at Cdiscount that we believe will drive profitability in addition to the strong fundaments behind e-commerce performance. These include increasing the share of marketplace contribution to GMV, improving margins on direct sales and launching the marketplace as a service offer to address the broader European market.

We believe that our focus on profitability and cash flow generation through operating initiatives, together with our disposal plan have enabled us to reduce continuously our combined France Retail and E-commerce gross debt since 2018 to a targeted gross debt amount of €5 billion, as illustrated in the graph below:



(1) Adjusted gross debt for the France Retail and E-Commerce.

(2) Restated to reflect IFRS 16.

Highly experienced management team to drive sustainable profitable growth and deleveraging

We benefit from the expertise of a senior management team that has significant experience in grocery retail and corporate finance. Jean-Charles Naouri, the Chairman and Chief Executive Officer of the Issuer since 2005, acquired our indirect majority shareholder Rallye, itself a former chain of supermarkets, in 1991, and implemented its merger with Casino in 1992. Mr. Naouri holds degrees from the École Normale Supérieure and the École Nationale d'Administration and has a doctorate from Harvard University. We also benefit from the services of our talented team of divisional managers, who more closely oversee the day-to-day operations of our retail banners and our purchasing functions. Each draws upon significant experience in the retail sector and most of them have been with our Group for many years.

Our Strategies

Accelerating leadership in convenience, organic and premium formats in France

We intend to capitalize on French consumer trends by further focusing on and developing our well positioned formats and product range. We aim to adjust our mix of formats to best position our business for long-term growth. We also aim to continue to expand our premium and convenience store formats which we believe will continue to be particularly promising over the medium term, with the goal of opening 300 new stores by 2021, of which 105 have already opened. In particular, to take advantage of consumers' increased preference for organic products, we intend to develop our organic product offering in each of our banners and speed up the expansion of Naturalia, our organic specialized banner. Through this and the promotion of organic products through our digital distribution channels, including our partnership with Amazon Prime, we believe that our net sales of organic products will continue to increase over the next few years.

We also plan to enhance our existing store network in France to meet changes in consumers' tastes and needs. We intend to continue developing new concepts and services in our stores, such as the Monoprix Phénomène concept, a design store concept built in collaboration with Pixelis, Le Drugstore Parisien, a partnership with L'Oréal Paris, and Le 4 Casino, a phygital store with several digital innovations. In 2019, we launched a pilot store in Paris for a new concept, Darwin, a Franprix store offering consumers a host of conveniences, including full kitchen access, a large seating and dining area and the ability to shop for products from other brands, such as Cdiscount, Decathlon and home goods retailer Hema, in store. We also intend to provide catering services across our various banners, such as in-store salad bars and snack areas. Finally, we intend to expand our network of autonomous stores in order to improve customer service and increase net sales from expanded opening hours.

Continue to strengthen our leadership in digital and omni-channel initiatives in France and pursue innovations in all parts of our business

Innovation and digital transformations are two major axes of our development strategy. We intend to leverage favorable consumer trends and our strong experience in digital and omni-channel offerings by increasing our focus on efforts to expand our e-commerce activities in food retail, further developing our Cdiscount business, growing our digital customer relationships and rolling out further innovative concepts and solutions.

Leveraging on the full deployment of our partnership with Ocado through the ramp up of a fully automated warehouse opened in March 2020 and with the expansion of the delivery area through which Amazon Prime customers can order Monoprix, Casino private-label and Naturalia products, we aim to further increase food e-commerce sales in the near- to medium-term.

In our pure-play e-commerce business, we intend to continue to increase Cdiscount's GMV through the further development of our marketplace, which we expect will account for an increasing share of Cdiscount's net sales in the coming years. We also intend to further expand Cdiscount's business-to-business and business-to-customer services offering within France, and to more generally expand Cdiscount's operations to other European countries through direct delivery to countries neighboring France and the further development of partnerships with marketplaces abroad. As a result of the growth in its marketplace, Cdiscount has been able to shift its customer base to a model more oriented towards business clients and will continue to focus on the development of their services for such clients. For example, Cdiscount is developing a Marketplace as a Service (or MaaS) offer to address 900,000 European e-commerce websites.

Finally, we aim to reinforce our digital customer relationships through the increased penetration of our banners' mobile applications. In October 2018, we launched Le 4 Casino, the first store in France without a traditional cashier, the technology of which was deployed in 477 stores as of September 2020, enabling them to operate autonomously in the evening and on Sundays without the presence of cashiers. In March 2019, we opened a logistics innovation lab in the Géant hypermarket in Pessac, France, where we test technology solutions in partnership with the most innovative startups in the field.

Our innovation initiatives also include new activities with strong growth potential, such as the deployment of electrical vehicle charging stations in our parking lots. Each of these projects, in line with our asset-light strategy, have been developed in exclusive or limited partnerships with the most advanced startups, franchisees with long-standing relationships with us or with other external specialist teams.

Accelerate development of new activities in France

We believe that our new energy and data businesses in France will provide us with significant opportunities to grow our revenue and further monetize our asset base.

In our solar energy business, we aim to further bolster our leadership position while developing newer activities. We aim to consolidate GreenYellow's leadership position in solar energy with a target to increase its installed capacity, which has already grown significantly, with a pipeline representing 543 MWp of future projects as of September 30, 2020. We also aim to consolidate our leadership position in solar self-consumption in France by continuing to leverage our joint venture partnership with Engie, pursuant to which we help local authorities and companies in France to generate solar power to meet their electricity needs. Further, we plan to continue growing our energy performance contract offering, which is a contract with GreenYellow through which GreenYellow commits to achieve reductions in energy costs and total energy consumed, with external customers. To date, we have already entered into more than 2,500 such contracts. Finally, we intend to further develop our services and expand our offering through new projects such as the deployment of a network of ultra-fast vehicle charging stations, direct-to-consumer natural gas offerings and the development of new solar energy plants, such as the recently completed suspended solar energy plant on a rooftop in Thailand.

We also plan to continue growing our data and data centers businesses, relevanC (which generated €67 million in gross sales for the year ended December 31, 2019) and ScaleMax, in order to increase the potential contribution from such businesses. We expect to target such growth through accelerating the development of relevanC's customer base, as well as expanding the number of data center sites in our logistics warehouses and hypermarket stocking areas for our ScaleMax operations. We also intend to license our Casino Max app and its targeted coupon platform to international business-to-business customers.

Optimal positioning to take advantage of strong underlying growth in Latin America

We intend to grow the businesses of GPA and Grupo Éxito through the execution of a range of initiatives at GPA in Brazil and Grupo Éxito in Colombia that we believe will lead to increased net sales.

In Brazil, GPA's strategy is centered on four key pillars:

- <u>Portfolio optimization</u>: GPA intends to continue to pursue the profitable expansion of Assaí cash & carry stores and associated net sales through the segregation of Assaí from the rest of its operations to unlock additional value from the banner. GPA also intends to revitalize and revamp its other Brazilian banners, through converting certain Extra supermarket stores into Compre Bem and

Mercado Extra stores, converting certain Éxito stores into Assaí stores, renovating its Pão de Açúcar stores and improving the attractiveness of its commercial retail spaces.

- Review of our product range: GPA aims to increase the proportion of private-label products in its sales mix through further developing its Qualitá and Taeq private label brands. In 2019, GPA introduced more than 1,500 new private label products, worked closely with its suppliers to ensure higher production levels to improve profitability and launched a new marketing model and promotional campaigns.

- Digital transformation: GPA intends to increase revenue by continuing to pursue its digital and e-commerce initiatives, including through the deployment of delivery platform James Delivery in additional cities, expansion of GPA's Cheftime application delivering meal kits to the São Paulo region of Brazil, continuing to develop Stix Fidelidade and extending GPA's click and collect and home delivery services to a greater number of stores.

- Operation / efficiency: GPA has developed a number of initiatives to optimize its gross margin, including increasing the proportion of higher-margin product offerings, investing in tools to optimize pricing in each of its store formats and regions and customizing promotions for a better return on investment.

We intend to continue Grupo Éxito's transformation strategy through carrying out a number of different initiatives.

- Focus on fast-growing formats: Grupo Éxito plans to expand the cash & carry format in Colombia through additional openings and conversion of existing stores into stores under the Surtimayorista banner. Grupo Éxito also intends to continue launching new concepts in Colombia, such as the Éxito WOW concept in its hypermarkets, which offers a complete revamp of its food and non-food product selection, and the FreshMarket concept in its Carulla premium supermarkets, with an improved selection of fresh and healthy products.

- Digital transformation: Grupo Éxito believes that local market conditions are favorable for the development of omni-channel marketing solutions, including increased e-commerce, retail mobile applications and last-mile delivery services. Consequently, Grupo Éxito intends to accelerate the development of its digital and omni-channel activities in Colombia through efforts to increase the number of users of the Éxito and Carulla mobile applications and expanding the Puntos Colombia loyalty program application that Grupo Éxito has developed in partnership with Bancolombia with rewards that can be used by customers at several companies.

- Property development: Grupo Éxito plans to continue expanding its Viva Malls property development business in Colombia, which has become the leading player in the Colombian commercial property market.

We are further seeking ways to increase the strategic focus of our Latam Retail operations. GPA recently announced its approval of the initiation of a study to segregate Assaí from the rest of its activities. The goal of this transaction is to unleash the full potential of Assaí, on the one hand, and of the more traditional retail businesses of GPA and Grupo Éxito, on the other hand. This operation will allow them to operate on a standalone basis, to focus on their respective business models and market opportunities. They will also benefit from direct access to the capital markets and other sources of funding and eliminate corporate inefficiencies, creating more value for their respective shareholders. Upon the implementation of the transaction, the Group, which currently holds a stake of approximately 41% in GPA, which itself holds 100% of Assaí, would hold a stake of approximately 41% in GPA and an identical stake in the new entity Sendas Distribuidora S.A., which would be the holding company for Assaí's activities.

Progress our ESG initiatives

Improving our corporate and social responsibility performance is central to our business. Our goal is to prioritize ESG initiatives in order to create and share value with our stakeholders. We intend to achieve this through the continued pursuit of a number of initiatives, including:

- promoting healthier, more sustainable consumption patterns through continuing to offer more responsible food retail products, including certified organic and responsible products;

- improving our supply chain by developing responsible purchasing and sustainable partnerships with producers, training buyers in social ethics processes and promoting local sourcing where possible;

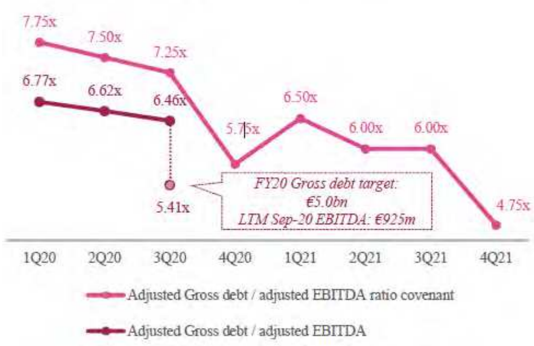
- advancing professional equality and promoting diversity within the ranks of our workforce;

- supporting community outreach and other efforts to help the most disadvantaged; and
- reducing our environmental impact, including through using alternative modes of transport for our products and reducing energy use through the efficiency efforts of GreenYellow and a growing photovoltaic installed base.

Continued focus on profitability improvement and proactive deleveraging in France

In addition to the business focus and operational initiatives described above, we intend to continue pursuing a sound financial policy aimed to pursue improved profitability and the reduction of our gross debt in our France Retail and E-Commerce segments. We believe these policies have already paid off, providing us comfort in our ability to comply with the financial covenant in our Revolving Credit Facility as of December 31, 2020, and will help support deleveraging in the coming years. The applicable maintenance covenant levels of under the Revolving Credit Facility from the first quarter of 2020 to the fourth quarter of 2020, along with our historical leverage ratios as calculated in accordance with the terms of the Revolving Credit Facility for the first three quarters of 2020, are illustrated below.

RCF covenants[1,2] levels



(1) Adjusted gross debt for the France Retail and E-Commerce.

(2) Represents Adjusted EBITDA including leases (i.e., repayments of lease liabilities and interest paid on lease liabilities), for the France Retail and E-Commerce segments as defined under the Revolving Credit Facility.

We intend to ramp up the ongoing cost savings plans we launched in the third quarter of 2020 across all of our banners and formats. In addition to respecting the strict restricted payments covenants applicable under the Term Loan B Facility Agreement, the Senior Secured Notes Indenture and the Indenture, we also intend to continue our efforts to improve cash generation through:

- improving our working capital requirements, primarily through reducing inventories; and
- continuing to focus our retail gross capital expenditures on initiatives that we believe will have a favorable impact on the development of our business, including investments in digital activities and our Monoprix banner.

Finally, we aim to continue reducing our France Retail and E-Commerce gross debt through the use of the proceeds from our Asset Disposal Plan, and further improve our cash generation through the reduction of financial expenses associated therewith.

Our Businesses

Our business comprises both retail and non-retail operations. Primarily, we operate as a retailer, offering a wide range of products and services in two principal geographic areas, France and Latin America, as well as through our pure e-commerce platform (primarily in France), Cdiscount. Our products are offered through a diverse portfolio of strategic banners and distribution channels aimed at providing our customers with a seamless multi-channel shopping experience tailored to their preferences. In addition to our retail businesses, we also operate a number of other non-retail lines of business, principally in the French and, through GPA and Grupo Éxito, Latin American markets, that allow us to monetize some of our core assets. Our non-retail businesses operate in various industry sectors that align with and complement our retail activities, such as solar energy, data monetization, real estate development and management and consumer finance. Certain of our non-retail businesses are established as joint ventures with key strategic local partners.

Our Retail Businesses

We operate retail businesses through both brick-and-mortar retail outlets and via online sales. Our operations are established in two balanced and structured geographic regions: France and Latin America. We are generally focused on selective international development and on high potential markets, such as Brazil and Colombia, where GPA and Grupo Éxito hold co-leadership and leadership positions, respectively.

Our physical retail businesses operate under several banners, each of which has a distinct format. The principal formats of our retail stores include:

- *supermarkets*, which are large self-service stores that primarily sell food products;
- *convenience stores*, which are small stores that typically carry everyday essential food and non-food products and are generally located in city and town centers;
- *premium stores*, which cater to an urban clientele, offering food products with a large proportion of fresh, organic options and service counters and superior quality non-food products;
- *hypermarkets*, which are stores with very large surface areas that offer a wide range of food and non-food goods under a single roof, typically located in suburbs and other locations outside of city centers;
- *discount stores*, which are supermarkets and convenience stores that cater to a price-sensitive clientele; and
- *cash & carry stores*, which offer goods on a self-service wholesale basis to customers.

As a modern major retailer operating in competitive markets, we are also focused on developing our multi-channel pioneering position by leveraging our deep local roots to establish ourselves as a leader in the e-commerce market. From Cdiscount's leadership model in France, to the specific digital strategies of our banners and key partnerships with international leaders in technology and logistics, we are committed to adapting to our customers' changing preferences in the global multi-channel space.

As of December 31, 2019, 6,876 stores in our network were operated by franchisees. We have franchise contracts pursuant to which a franchisee pays a fee to license the rights to a banner, receives a fixed allowance from us to set up the store, and then mostly purchases merchandise for sale through our central purchasing agency, on which we earn a margin. In addition, some joint ventures have been set up between us and a master franchisee that in turn owns one or more franchised stores.

Through franchises, we can expand our store network while pursuing our asset-light strategy. Franchising allows us to maintain net sales while minimizing cost outlays. Through franchise contracts, we recognize net sales on the goods we sell our franchisees through our central purchasing agency. On the other hand, overhead costs like leases and personnel costs, as well as capital expenditures, are shared or limited. For joint venture franchises, we either fully consolidate or recognize our share of the net income of such stores.

As part of our international strategy, we enter into partnerships in markets in which we are not present, either through licensing our banners to affiliates in international markets or through private-label product supply agreements. In addition, we have a number of supply agreements in place whereby we provide private-label products to leading local retailers in various international markets. We believe that these brands can be particularly popular with consumers, as they represent a sought-after French lifestyle.

France

Our France Retail operations, which include both our French food retail and non-retail businesses, are concentrated in France, the historical birthplace of Casino Group, where we are a leading retailer. For the twelve months ended September 30, 2020, our France Retail segment recorded net sales of €15,631 million and EBITDA of €1,466 million. For the twelve months ended September 30, 2020, 48% of our net sales was generated by convenience stores, 20% was generated by supermarkets and 26% was generated by hypermarkets and 6% was generated by other formats, as compared to 39%, 17%, 25% and 19% (including Leader Price), respectively, in 2018.

Retail Businesses

Our French retail businesses serve customers through a network of 7,564 stores as of September 30, 2020. We conduct our retail businesses within the France Retail segment under several banners, each of which offers a key range of products that are constantly evolving to anticipate new modes of consumption and adapt to all types of customers, local lifestyles and environments. These diverse banners present a balanced mix of activities, brands and formats, including urban, service, convenience and hypermarket store formats, each of which reach out to customers through multiple channels.

In recent years, we have increasingly focused on accelerating the development of our omni-channel strategy for our retail businesses. For example, in April 2019, we expanded our partnership with Amazon across most of our stores through the installation of Amazon Lockers in over 1,000 retail locations and the sale of our private-label products on Amazon. In addition, as of September 30, 2020, 477 of our French retail stores were equipped with the technology to operate autonomously and allow customers to shop in the evening or on Sundays without going through a physical checkout. This concept, which has extended across our supermarket, hypermarket and convenience formats, has proven effective in boosting customer traffic, allowing us to recruit new customers as the extended hours of operation allow us to stay open with little to no competition. In the third quarter of 2020, 51% of hypermarket and 44% of supermarket sales were made by smartphone or self-service checkout, as compared to 45% and 36% of sales, respectively for the period between February through March 2020.

The COVID-19 crisis has further accelerated the development of our food e-commerce retail offerings across all of our banners. In response to the crisis, the volume of our food e-commerce orders increased by 50% from roughly 6,500 daily orders prior to the crisis to 10,000 orders per day by June 30, 2020.

Monoprix

Our premium banner, Monoprix, is the leading French omni-channel city-center retailer, aiming to maximize convenience and customer enjoyment through providing innovative services and a differentiated offering. As of September 30, 2020, 791 stores operated under the Monoprix banner in France and abroad. For the twelve months ended September 30, 2020, Monoprix stores, including all of its various formats, recorded net sales of €7,865 million.

Monoprix stores are located in more than 250 town and city centers in France and aim to provide consumers with a diversified product offering, including both food and non-food items such as cosmetics, apparel and housewares, from both name brands and private-label brands, all under a single roof in a modern and friendly environment.

Monoprix has also developed other formats:

- *Naturalia* a leading retailer specializing in natural and organic products, with 209 stores as of September 30, 2020 offering more than 10,000 items.
- *Monop'* an ultra-convenience concept. These practical, welcoming stores provide a varied offering that meets basic daily needs and provides specialty product options. Monop' operates in busy urban areas, including in partnership with train stations, and along motorways. As of September 30, 2020, 131 stores operated under the Monop' concept, catering to an active, urban clientele.
- *Monop'Daily* a concept combining fast food with ultra-fresh products. With an average selling area of 50 to 100 square meters, Monop'Daily stores offer a broad range of snacks, ready meals, dairy products, beverages, fruit and desserts. As of September 30, 2020, 30 stores operated under the Monop'Daily concept.

In 2018, we ramped up Monoprix's omni-channel strategy by signing a partnership with Amazon to offer Monoprix grocery items with express same-day delivery to Amazon Prime Now customers in Paris, which has now been extended to include the Greater Paris Region (35 cities), Lyon, Bordeaux and the Côte d'Azur (12 cities). Our partnership with Amazon has further developed to include Naturalia products. As of December 31, 2019, the Monoprix store available on Amazon Prime Now included more than 6,000 items, including approximately 1,500 private-label products, and the Naturalia store on Amazon Prime Now included approximately 2,000 products. Our partnership with Amazon complements Monoprix's exclusive alliance with Ocado in France, entered into in late 2017, pursuant to which an automated warehouse based on Ocado technology, the Casino O'logistique warehouse, was built in early 2020 in the Paris suburbs for home delivery of large basket sizes. The warehouse became operational in May 2020 and covers a delivery area consisting of 75% of the population of in Île-de-France. On September 30, 2020, the O'logistique warehouse extended its activity to customers of Casino Supermarkets and Géant Casino banners. With the development and ramp-up of this warehouse, Monoprix has been able to offer its customers next-day delivery in extended delivery zones . Lastly, in 2018, Monoprix acquired Sarenza, an online fashion and personal goods retailer, with a view to making Monoprix.fr a leader in the fashion and personal goods segment in France, and to consolidate its position in non-food e-commerce.

Casino Supermarkets

Casino Supermarkets is a banner of supermarkets operating in French city centers and rural areas, focused on a strong commitment to pleasure, taste, high-quality fresh produce, knowledgeable food service personnel, choice and customer service, and backed up by innovative digital solutions. As of September 30, 2020, 414 stores operated under the Casino banner, of which of which 68 stores were operated by franchise affiliates in France and 23 stores were operated by franchise affiliates outside of France. For the twelve months ended September 30, 2020, Casino Supermarkets recorded net sales of €2,945 million.

Casino Supermarkets are concentrated in three primary regions of France: southeastern France, the Rhône Valley and greater Paris. Casino Supermarkets have an average selling area of 1,500 square meters. Casino Supermarkets offer mainly food products, including organic and fresh produce, in-house pastries and baked goods, as well as an array of non-food products, including capsule homeware and apparel collections.

Casino Supermarkets continue to develop their omni-channel offering and novel ways of expanding customers' digital experience, such as through the opening of Le 4 Casino in Paris, which was designed to offer customers a unique shopping experience, including a variety of innovative digital services enabling customers to shop 24 hours a day, seven days a week without going through a physical checkout, to easily locate products in store, to choose from a broader range of products and services through digital interfaces and to find more detailed information about the products on offer. In addition, the banner has adopted the Casino Max app, which offers features including express scanning, payment facilities, and targeted digital promotions. As of December 31, 2019, most Casino Supermarkets offered e-commerce solutions to their customers, such as click-and-drive service, where consumers can order their groceries online and pick them up at a drive-through or a dedicated counter. To provide maximum convenience to its customers during the lockdown period, Casino supermarkets accelerated the development of its home delivery solution, expanding to over 65 cities to date (with orders in Île-de-France fulfilled through our O'logistique warehouse), and established a partnership with Uber Eats.

Franprix

Franprix is the Group's main hyper-convenience banner for urban areas. Franprix stores are mainly established in Paris and its surrounding areas, with almost all of its stores concentrated in this region, and in the heart of large French cities in the Rhône Valley and the Mediterranean basin. As of September 30, 2020, a total of 869 stores operated under the Franprix banner, including 463 franchises. For the twelve months ended September 30, 2020, Franprix stores generated net sales of €1,587 million.

With an average selling area of 400 square meters per store, Franprix stores offer a range of food products intended to satisfy the daily needs of consumers, combining essential national brands and private-label brands. In 2015, we launched the Mandarine concept for Franprix stores, intended to transform them into friendly, practical and pleasant stores. Since then, the concept has grown in line with the innovations created by the banner to drive food service solutions, healthy and responsible ranges (e.g., scoop-and-weigh), and services aimed at giving Franprix stores the feel of a local grocery store. These include in-store snacking areas, fresh fruit juicers, bicycle pump access, phone charging stations, public WiFi access, in-store microwaves and quick delivery options. Ease of access and flexible opening hours also contribute to the success of the Franprix banner, which launched its first stores that are open 24 hours a day, seven days a week in 2018. In 2019, Franprix banner has explored new store concepts, including Noé, which offers an increased range of organic and vegan products in an inviting atmosphere, and Le Drugstore Parisien, a partnership with L'Oréal Paris offering a wide selection of beauty products.

Franprix continues to focus on innovation in the food retail sector. In September 2019, it entered into a partnership with Hema, a Dutch company specializing in low-cost trendy housing gadgets and décor, to offer Hema products in its stores. That same month, Franprix opened a pilot store in with its new, innovative Darwin concept, which offers customers full kitchen access, including access to pizza ovens and fryers, a large seating area, larger scoop-and-weigh offerings and a selection of Hema and Cdiscount products. In July 2020, it launched its partnership with Decathlon, a French sporting goods retailer, to offer Decathlon corners in its stores.

Géant Casino

Géant Casino is our French hypermarket banner which offers leading food brands with high-quality traditional food selections, local fresh produce and a large organic product range and non-food products. Géant Casino hypermarkets provide ample retail space on a human scale, with the average area measuring approximately 6,400 square meters as of December 31, 2019. As of September 30, 2020, 105 hypermarkets operated under the Géant Casino banner, of which 4 stores were operated by affiliates in France and 7 stores were operated by affiliates outside of France. For the twelve months ended September 30, 2020, Géant Casino stores recorded net sales of €3,828 million.

In recent years, we have focused on our most profitable locations, reduced retail space and repositioned our Géant Casino offering to favor product categories and channels adapted to customers' preferences. For example, our non-food offering is presented in a connected, user-friendly boutique format and focuses on leisure goods and homeware, enhanced by in-store sales counters in collaboration with Cdiscount, HEMA, C&A, Claire's and Maty & Piery. As of September 30, 2020, there were 53 Cdiscount counters in Géant Casino's hypermarkets, which we believe has had a positive impact on our sales.

In line with its multi-channel approach and with a view to digitizing the store experience, the banner has adopted the Casino Max app, which offers features including express scanning, payment facilities, and targeted digital promotions. In addition, to provide maximum convenience to its customers, Géant Casino has developed a home delivery solution in over 53 cities to date (with orders in Île-de-France fulfilled through our O'logistique warehouse) and established a partnership with Uber Eats during the lockdown period.

Convenience Stores

Convenience stores round out our retail offering in France, consisting of smaller shops that are located in the heart of towns, villages and urban centers. As of September 30, 2020, 5,166 convenience stores operated under our banners. For the twelve months ended September 30, 2020, our convenience stores recorded net sales of €1,399 million.

Our principal convenience banners include:

- *Le Petit Casino*, which is the Group's historical convenience format, offering an extensive range of food products including high-quality fresh produce in urban and suburban areas;
- *Vival*, which operates mainly in villages. Vival stores have a food offering comprising mainly Casino-brand goods, as well as other useful day-to-day services, including a loyalty program, home delivery, parcel collection, gas canister collection, in-store postal service and fresh bread; and
- *Spar*, which operates in seasonal destinations and urban and suburban areas, offering a range of convenience food products and related services for local, tourist and international customers.

Non-Retail Businesses

Our non-retail operations in France span across a range of industry sectors, including energy, digital advertising, data solutions, real estate, fast-food services and financial services.

GreenYellow

In 2007, we created GreenYellow, a business centered on solar energy and energy efficiency. Although GreenYellow primarily operates in France, it has expanded its operations to international markets in 17 different countries across Africa, Asia and Latin America. GreenYellow capitalizes on our expertise in the real estate sector through our knowledge of property development, construction and operation, as well as on the favorable geographic location of our stores, to offer public and private customers a wide range of solutions to produce and manage their energy.

GreenYellow, which began by installing rooftop photovoltaic systems and energy efficiency solutions in our stores, today ranks as a leading French player in rooftop photovoltaic systems, benefitting from strong green energy momentum. As of December 31, 2019, GreenYellow held a project pipeline of 451 MWp representing a three-fold increase as compared to its previous year pipeline. As of September 30, 2020, GreenYellow's pipeline increased to 543 MWp. In terms of energy efficiency, GreenYellow deployed more than 2,500 energy efficiency agreements and helped its clients save nearly €77 million of energy costs. GreenYellow had an overall positive carbon impact, avoiding the emission of 200,000 CO_2 in 2019, the equivalent of the annual energy footprint of approximately 770,000 French households. Further, for the year ended December 31, 2019, GreenYellow recorded EBITDA of €76 million.

GreenYellow's main areas of expertise include:

- The decentralized production of energy, such as through the integration of solar panels on roofs and car parks: GreenYellow has developed, built and operated over 219 power plants in France and internationally, both on sites that belong to our Group as well as sites belonging to third parties, including industrial sites, communities and businesses. One example of a GreenYellow installation is its construction of the largest solar plant in Colombia on the roof of our Éxito Panorama store in Baranquilla. With over 2,800 square meters of solar panels, the installation can produce approximately 700 MWh per year, representing approximately 24% of the store's electricity consumption. Another example of a GreenYellow installation is the Viva store located in Baranquilla. This plant has approximately 6,300 square meters of solar panels that can produce approximately 780 MWh per year. In 2018, GreenYellow established Reservoir Sun, a joint venture with leading electric company, Engie, to provide solar self-consumption for businesses and municipalities, which successfully secured projects for 100MWp in one year. GreenYellow has also carried out significant innovative projects in 2019, such as the installation of charging stations for electric vehicles (a joint venture signed between GreenYellow and the Meridiam fund, in partnership with Allego) and is moving to digitalize and automate the energy consumption implementation and monitoring for the benefit of its clients.

- Promoting energy efficiency through energy performance contracts: Through energy performance contracts ("**CPEs**"), more than 2,500 of which have been signed to date, GreenYellow offers customers an innovative solution with an energy-saving guarantee without investment from the client and with net gains from the first year. GreenYellow installs energy efficient installations at a client's site, the funding for which is fully compensated by the energy savings realized by the installations. These gains in efficiency are guaranteed over the length of the CPE by GreenYellow, which monitors the site's energy consumption closely.

- Purchasing energy and monitoring consumption: GreenYellow provides purchasing and monitoring services for over 7,000 points of consumption.

GreenYellow continues to consolidate its leadership in the photovoltaic systems market. Its installed base includes projects with industrial customers and local authorities in France, Thailand, Colombia, Morocco and Brazil. GreenYellow continues to innovate in its international markets and notably completed a 6 MWp solar power plant on the rooftop of the South East Textile factory in Thailand and a 1.5 MWp project for Soma Energy in Cambodia. In the Indian Ocean region, where it is the leading solar power producer, GreenYellow signed a partnership agreement with Axian, Société Générale, GuarantCo and the African Guarantee Fund to support the funding of the largest solar power plant in Madagascar and accelerate the country's green energy transition.

In addition to the foregoing, GreenYellow has also expanded its operations to new businesses, including the sale of green energy to corporations in Brazil and direct-to-customer natural gas offerings through Cdiscount. GreenYellow's offerings have also developed to include electric vehicle charging stations in partnership with both Allego to deploy France's largest network of ultra-fast vehicle charging stations and Jedlix, a start-up which offers "smart charging" to automatically recharge electrical vehicles using reduced carbon dioxide emissions when energy is the cheapest.

relevanC

We created relevanC (formerly 3W.relevanC) in 2018 to leverage the large amounts of quality data about our customers and their buying habits in stores and online to which we have access as part of our food retail business operations and Cdiscount. RelevanC is focused on the production of studies on purchasing behavior, the implementation of targeted advertising campaigns offering more tailored deals to customers and measuring the impact of these campaigns on in-store sales. In February 2020, relevanC merged with our subsidiary, Maxit, a "digital factory" that focused on technology innovation of our various banners, to offer retailers and brands customer acquisition and retention solutions, based on targeting strategies and impact measurement, through two key divisions:

- *relevanC advertising*, which offers clients media and marketing solutions, enhanced by transactional data, insights and measurements, to help clients meet the multi-channel marketing challenges with their target shoppers; and

- *relevanC retail tech*, which offers clients technological solutions to enable them to optimize the performance of their marketing campaigns through the use of data to personalize the customer relationship.

Prior to merging with Maxit, in June 2019, 3W.relevanC entered into a partnership for digital direct advertising with Conforama, a European leader in home furnishing and building supplies. In 2019, relevanC was awarded the LSA Innovation Marketing Trophy by LSA for its partnership with Orange Advertising, which measured the impact of television advertising on customers' buying habits. For the twelve months ended September 30, 2020, relevanC generated gross sales of €83 million. RelevanC has continued to enjoy good momentum, with gross sales under banner reaching €24.1 million in the third quarter, a year-on-year increase of +27%. The relevanC advertising platform came fifth in SRI's ranking based on gross sales under banner, versus seventh in 2019. During the quarter, relevanC signed its first contracts with external clients outside France.

ScaleMax

In 2018, as part of our asset monetization strategy, we entered into a strategic partnership with Qarnot computing to launch ScaleMax, a business that installs and operates new-generation data centers for clients in France seeking access to high-performance computing capacity that is both sustainable and secure and can be rapidly deployed on a large scale. In 2019, ScaleMax installed and began operating its first data center at a Cdiscount logistics warehouse in the Greater Paris region and has since secured contracts with a broad range of clients, including several banking clients, start-ups specialized in artificial intelligence and 3D animation studios. In the third quarter of 2020, ScaleMax continued to expand its customer portfolio, signing a new contract with Illumination Mac Guff, an animated film production company that belongs to Universal Pictures.

Since its inception, ScaleMax has successfully doubled its computing capacity. As of June 30, 2020, over 26,000 cores had already been deployed for customers other than Group entities.

Real Estate Activities

In addition to the active management of our own property portfolio (see "*—Real Estate/Properties*" below), we also offer real estate ownership and management services through IGC ("**Immobilière Groupe Casino**") that owns most of our property assets. In addition, we own a 20% stake in Mercialys, a public company that leases and manages shopping centers and city center retail space in France. As of December 31, 2019, the market value of the Group's owned real estate portfolio in France was estimated to be approximately €1.3 billion, including transfer duties (and excluding our share of property held by Mercialys). As of that date, Mercialys managed 47 shopping centers and six city center assets with a combined area of over 844,000 square meters. For the twelve months ended September 30, 2020, Mercialys recorded revenue of €248 million.

Casino Restauration

Casino Restauration is one of our subsidiary companies that was historically positioned in the fast-food segment through its operation of a chain of fast food franchise cafeterias in France. In recent years, however, Casino Restauration has been repositioned through new concepts, including family restaurants such as À la Bonne Heure, themed restaurants such as Villa Plancha, take-away food, such as Coeur de Blé and events catering services such as its St Once business line. In 2019, we completed the sale of several Casino Restauration assets, including a number of R2C locations in June 2019, as well as À la Bonne Heure and Coeur de Blé locations at the end of 2019.

Floa Bank

Created in 2001, Floa Bank (previously Banque Casino) is a joint venture with French bank Crédit Mutuel CIC ("**CM-CIC**"), of which we own 50%, that provides consumer finance programs and insurance products to Cdiscount and Géant hypermarket customers. It has capitalized on our long-standing retail background and on the financial solidity of CM-CIC to become an online banking option for customers, providing them with a wide choice of credit cards, easy terms of payment, fully accessible on-line insurance and access to innovative fully digital banking, such as the 100% online mini-loan service Coup de Pouce in collaboration with Cdiscount or the 10-installment payment solution guaranteeing a reply in less than two minutes. It has also developed innovative solutions for e-tailers, providing them with custom-made services such as payment by installments, allowing customers to pay for goods online through a completely digital process in three or four separate installments. In addition to serving its individual banking customers, Floa Bank also provides bespoke services for fintech companies and is a key partner to tourism companies. In 2019, Floa Bank served 3 million customers and issued approximately €2 billion in loans. Floa Bank has become a leader in the French pay-later market, with approximately 25% of the market share and over 100 e-commerce merchant partners.

Latin America

Our holdings in the Latin American businesses, which include both retail and non-retail businesses, are concentrated in four countries: Brazil, Colombia, Uruguay and Argentina. The Latam Retail segment, which consolidates the Latin American operations, recorded net sales of €15,152 million for the twelve months ended September 30, 2020. Our Latin American sales rose by 15.5% on an organic basis in the third quarter of 2020, driven by excellent performance of GPA's Assaí banner (which demonstrated an organic growth of 33% in the third quarter of 2020, as compared to the third quarter of 2019).

GPA and Grupo Éxito carry out retail operations in Latin America through a network of 3,151 stores in Brazil, Colombia, Argentina and Uruguay as of September 30, 2020. GPA and Grupo Éxito hold leadership and co-leadership positions in most of the Latin American markets in which they operate through banners with a long-standing presence and a close relationship with their customers. GPA and Grupo Éxito have developed multiple store formats in Latin America, including hypermarkets, supermarkets, cash & carry, hard discount and convenience store formats.

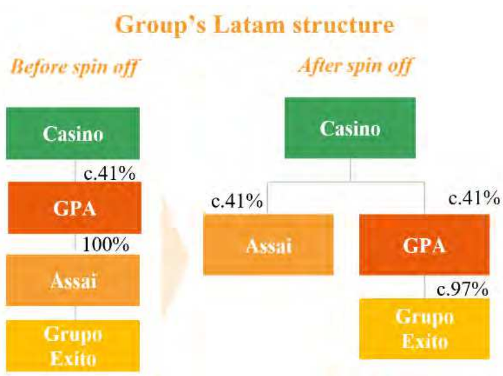
In 2019, we completed a project to simplify our structure in Latin America, thereby bringing all activities in the region under the umbrella of GPA, which now controls 96.6% of the capital of Grupo Éxito, which in turn controls the subsidiaries Libertad in Argentina and Grupo Disco in Uruguay. We estimate that the market value of our stake in GPA, which represents approximately 41% of GPA's shares and voting rights, was approximately €1.2 billion as of December 31, 2019, based on CBD's share price as at December 31, 2019 (BRL 87.65 or €19.41). In connection with this reorganization, in March 2020, GPA became listed on the Novo Mercado, giving it access to a wider international investor base.

Brazil

<u>Retail Businesses</u>

We have had a retail presence in Brazil since 1999 through our stake in GPA, over which we gained control in 2012. GPA is a long-standing leading player in the Brazilian food retail market, offering multi-format and multi-banner retail options to cater to customers from all socio-economic backgrounds in Brazil. As of September 30, 2020, GPA operated 1,054 retail stores and service stations in Brazil. As of December 31, 2019, GPA employed 109,566 employees in Brazil.

Over the past few years, GPA has adapted its positioning to meet changing consumer needs, particularly through the development of the Assaí cash & carry banner, which is Brazil's second largest cash & carry banners, according to Euromonitor, and represented 54% of GPA's net sales for the twelve months ended September 30, 2020, compared to 51% of net sales for the year ended December 31, 2019. As of September 30, 2020, GPA launched a study to spin off Assaí, in an effort to recognize Assaí's full potential on a standalone basis by focusing on business models and market opportunities that differ from those of GPA's traditional retail businesses. This spin off, expected to be completed by the end of the first quarter of 2021, is expected to eliminate corporate efficiencies and more efficiently allocate our capital, and our Group is expected to benefit from this refocus of business units. A summary of the structure of our holdings both before and after the contemplated spin-off is below.



GPA has also focused its efforts on the increased digitalization of its services for its customers in Brazil. In 2018, GPA partnered with Cheftime Comércio de Refeições Ltda., a Brazilian recipe delivery service, to offer Cheftime's online gastronomic food solutions to its customers in its Pão de Açúcar stores. That same year, GPA also acquired James Delivery, a multiservice order and delivery platform, as part of its efforts to advance its online food retail channel. As of December 31, 2019, James Delivery was operating across 19 different cities. GPA has also strengthened its internal innovation initiatives through the creation of its own innovation lab, GPA Lab, located at its headquarters, in order to strengthen and reinforce a culture of innovation. In addition, GPA has expanded its click & collect delivery across its store network. In addition, GPA has also been developing innovative private-label goods to respond to changing consumer preferences, including Qualitá, an umbrella for food products, and Taeq, a health and well-being range of products.

For the twelve months ended September 30, 2020, GPA's operations recorded consolidated net sales of €11,368 million.

GPA conducts its retail business in Brazil under two different segments: Multivarejo and Assaí.

Multivarejo

Hypermarkets

- *Extra Hypermarkets*, which offer a wide range of food products and personal and household equipment to cater to all budgets through 104 retail stores. In 2019, GPA began to convert certain of these Extra hypermarkets to Assaí stores. In 2020, GPA's hypermarkets showed strong development of online sales, with a sequential increase in EBITDA margin of 1.9 points as compared to the end of 2019, with improved sales and gross margins.

Supermarkets

- *Extra Super*, a supermarket banner, offering comprehensive food offerings and non-food range products through 147 large supermarkets. GPA is converting its stores operating under this historical banner into one of two newer banners, Mercado Extra and Compre Bem;
- *Mercado Extra*, a supermarket banner created in 2018 aimed at creating a new identity for GPA's supermarkets through an emphasis on fresh produce, more selective product offerings, competitive pricing and a new logistics system. Mercado Extra operates 108 stores; and
- *Compre Bem*, a supermarket banner created in 2018 based on aggressive price positioning through a cash & carry logistics model with reduced costs, comprising 28 stores.

Premium stores

- *Pão de Açúcar*, a premium banner, offering a broad array of high-quality products and range of services with leading technology to cater primarily to the needs of a relatively affluent clientele through 182 stores; and
- *Minuto Pão de Açúcar*, a premium convenience banner offering a range of differentiated products in stores and promoting sustainable development initiatives and tailored customer service through 86 stores.

Convenience stores

- *Minimercado Extra*, a convenience banner offering neighborhood convenience stores with day-to-day products and services through 153 stores.

Other

- *Drogaria Extra*, a banner consisting of 104 pharmacies and drugstores, located in shopping malls near Extra hypermarkets.

Assaí

Assaí, a cash & carry store, addresses a booming sector in Brazil. This self-service wholesaler with 176 stores offers a large range of food products and a small selection of non-food products at very low prices for both individual customers and small- and medium-size business customers. Through its loyalty program, Assaí offers its shoppers the Passai card, which had more than one million active cardholders at the end of 2019.

In June 2019, GPA completed the strategic disposal of Via Varejo, a Brazilian electronic retail business, for a sales price of €615 million. The disposal of Via Varejo is part of GPA's strategic program to dispose of non-performing assets in Brazil in order to focus on the development of its food retail sector and cash & carry segment.

Non-Retail Businesses

In addition to its retail operations in Brazil, GPA also operates non-retail businesses, through its real estate and joint venture consumer finance solutions companies.

FIC. In 2004, GPA partnered with Itaú Unibanco Holding S.A. ("**Itaú Unibanco**"), one of the largest privately owned financial institutions in Brazil, to offer financial services at GPA's retail store locations in Brazil as a means to foster customer loyalty and to increase in-store sales and profitability. FIC operates financial services kiosks in GPA's various stores with exclusive rights to offer credit cards, financial services and insurance policies (except for extended warranties) to its customers. FIC's credit cards offer payment options for the cardholders at GPA's stores, aiming to provide them with benefits and convenience. FIC has been operating for fifteen years and as of December 31, 2019, it had a portfolio of 3.6 million credit card accounts from GPA customers (including the portfolio of Cartão Extra, Cartão Pão de Açúcar, Cartão Passaí and Cartão Ponto Frio). GPA and Itaú Unibanco each hold 50% of FIC's capital stock.

GPA Malls is GPA's real estate business unit, which is responsible for the creation and management of commercial spaces in Brazil. As of September 30, 2020, GPA Malls was present in 17 states and the Federal District and managed around 245 commercial galleries and two neighborhood commercial centers in Brazil, amounting to more than 294,000 square meters of GLA.

Colombia

Retail Businesses

Our retail business in Colombia is carried out through Grupo Éxito, which is Colombia's leading food retailer. Grupo Éxito does business in Colombia under a number of different banners representing a broad array of store formats, including hypermarkets, supermarkets, convenience and discount store formats. As of September 30, 2020, Grupo Éxito operated 515 stores in 106 cities across Colombia (excluding affiliate stores).

Grupo Éxito also has a network of developed independent franchisees which operated 1,465 stores as of September 30, 2020. Grupo Éxito is focused on expanding its store offerings to innovative new formats. For example, in late 2017, Grupo Éxito launched Carulla FreshMarket, a new concept for its premium Carulla markets, offering its customers locally grown fresh fruits and vegetables, an orchard on its facilities and meat with sustainable certification. In 2018, it launched Éxito WOW, an innovative hypermarket concept offering customers 24-hour shopping access in its warehouse spaces to shop for food and non-food products through an integrated physical and virtual experience. Grupo Éxito has recently expanded and strengthened its cash & carry operations in Colombia, such as through the launch of its new Surtimayorista banner, to fight competition from discount retailers. It is also focused on strengthening its adoption of digital and omni-channel approaches, such as e-commerce, website and last-mile applications, which represented 4.5% of its net sales in Colombia at the end of 2019. For example, Grupo Éxito, in partnership with Bancolombia, launched a customer loyalty mobile application, Puntos Colombia, which allows customers to earn points for purchases and qualify for future purchase discounts.

Grupo Éxito conducts business under the following brands and banners in Colombia:

- Éxito brand, which represented 69% of Grupo Éxito's net sales in Colombia in 2019:
    - *Éxito*: a hypermarket banner known for its range of quality private-label products, offering food and non-food products through 92 stores located in 43 cities. As of September 30, 2020, Éxito had converted two stores under its Éxito WOW concept, totaling 11 Éxito WOW stores across the country, offering an even more digital customer experience in remodeled stores, which posted 15.3% growth in the first half of 2020;
    - *Éxito Super and Éxito Vecino*: two different supermarket banners, with 29 Éxito Super stores located in 16 cities offering primarily food products and 46 Éxito Vecino stores located in 36 cities as of September 30, 2020 offering a wide assortment of non-food products; and
    - *Éxito Express*: a convenience store banner, offering fast-moving consumer goods, fresh products, household cleaning products and multimedia products in a minimarket format through 77 stores as of September 30, 2020.
- Carulla brand, which represented 14% of Grupo Éxito's net sales in Colombia in 2019:
    - *Carulla*: a premium supermarket banner, offering a selection of targeted gourmet and exclusive products and a range of services through 96 stores as of September 30, 2020 mainly located in Colombia's two largest cities, Bogotá and Medellín. Carulla's new concept, Carulla Fresh Market, which was launched in 7 converted stores as of December 31, 2019, offers an expanded range of fresh products and premium service counters. One additional Carulla store is expected to be converted to the new concept by the end of 2020; and
    - *Carulla Express*: a premium supermarket banner, offering a minimarket retail selection as well as premium take-away products such as sandwiches, fresh fruit, cakes and pastries.
- Surtimax and Super Inter brands, which represented 11% of Grupo Éxito's net sales in Colombia in 2019:

- *Surtimax*: a convenience discount store banner primarily located in suburban areas offering a comprehensive range of basic food and non-food products at low prices, mainly under the Surtimax private label; Surtimax operates 74 stores as of September 30, 2020 in 23 cities; and
- *Super Inter*: a supermarket discount chain banner, offering a highly developed line of fresh products through 69 proprietary stores as of September 30, 2020, mainly located in the Cali and Coffee regions of Colombia.

- B2B and other stores, which represented 6% of Grupo Éxito's net sales in Colombia in 2019:
  - *Surtimayorista*: a cash & carry format banner offering the cash & carry format through 34 stores as of September 30, 2020. This banner was originally launched in 2016 with the opening of one pilot store and subsequently two additional stores. In the face of increased competitive pressure from discounter competitors, Grupo Éxito decided to accelerate Surtimayorista's development, mainly by converting Éxito hypermarkets to this banner; and
  - *Aliados*: a network of 1,465 independent franchisee discount convenience stores as of September 30, 2020.

Non-Retail Businesses

In addition to its retail operations in Colombia, Grupo Éxito also operates non-retail businesses, through its real estate and joint venture consumer finance solutions companies.

Tuya is Grupo Éxito's joint venture banking services operations with Grupo Bancolombia. Grupo Éxito and Grupo Bancolombia each own 50% of Tuya. Tuya provides financial services and consumer credit solutions to its customers in Colombia, allowing them to benefit from discounts and withdraw cash advances at Éxito stores. Tuya is one of the main credit card issuers in the Colombia market, with over 2.9 million cards issued as of December 31, 2019. Tuya cards are the second most widely held credit cards in Colombia.

Viva Malls is a real estate fund created in 2016 in partnership with Fondo Inmobiliario Colombia, Grupo Éxito's Colombian private equity partner. Grupo Éxito owns a 51% interest in this real estate fund. Viva Malls is dedicated to real estate property and development activities and is the largest commercial real estate investment vehicle in Colombia, bringing together 34 shopping centers and galleries with nearly 512,000 square meters of GLA as of December 31, 2019.

Uruguay

Grupo Éxito also conducts profitable operations in Uruguay, where it has been the local market leader since 2000. As of September 30, 2020, Grupo Éxito operated 92 stores in Uruguay, under the following banners:

- *Disco*, a supermarket banner, which began as a chain of family supermarkets, offering competitive pricing through its 29 stores around the country;
- *Devoto*, a supermarket banner, operating a portfolio of modern stores that include food and extensive non-food product ranges through 24 stores;
- *Géant*, a hypermarket banner that offers a broad range of products at very low prices through 2 stores;
- *Devoto Express*, a convenience store banner which offers competitive prices through 35 stores; and
- *Möte*, a new banner launched in early 2020 offering customers ready-to-wear apparel and household linens through 2 stores.

Argentina

Grupo Éxito also conducts operations in Argentina, where it has been present since 1998, when it acquired the Libertad chain of hypermarkets. Grupo Éxito has a dual strategy, combining its retail and real estate business, with a large real estate portfolio in Argentina of approximately 170,000 square meters of space as of March 31, 2020, making Grupo Éxito the third-largest regional real estate player. Grupo Éxito currently operates under the following store banners in Argentina:

- *Libertad*, the leading regional hypermarket chain outside of the capital, consisting of 15 stores operating mainly in large inland cities as part of shopping malls; and

- *Mini Libertad*, the foremost food convenience format in large cities such as Córdoba, and *Petit Libertad*, a premium convenience concept format launched in 2016, which together represent 10 stores.

Cdiscount

In addition to our traditional brick-and-mortal retail banners and their related multi-channel e-commerce operations, we operate a pure non-food e-commerce business under the Cdiscount banner through our publicly traded subsidiary, Cnova, in which we directly hold 63.4% of the voting rights and a 64.8% economic interest and indirectly hold 99.4% of the voting rights and a 86.4% economic interest. Cdiscount acts as both a direct retailer and service provider to customers in 25 countries in Europe, as well as a marketplace for third parties offering products and services to customers using Cdiscount's hosting platform. As Cdiscount has gained critical mass, it has been able to shift its customer base to a model more oriented towards business clients due to the development of its marketplace, which grew by 12.1% over the course of 2019. As of September 30, 2020, Cdiscount offered approximately 9.7 million active customers (defined as a customer having purchased at least once through one of Cdiscount's websites or its app during the prior twelve months) access to a wide and growing assortment of more than 91 million product offerings through its superior logistics infrastructure, as well as a range of services. Cdiscount is the number two e-commerce site in France in terms of UMV, attracting more than 22 million UMVs over the third quarter of 2020 (23.4 million over the second quarter of 2020 according to a Médiametrie study) and 1,028.5 million total site visits during the twelve months ended September 30, 2020, as compared to 975.1 million total visits during the prior twelve month period. Cdiscount offers a customer loyalty program, à Volonté, which had 2.4 million registered members at the end of September 2020. For the twelve months ended September 30, 2020, our E-commerce segment recorded net sales of €2,011 million.

The products offered to consumers on Cdiscount's sites include electrical appliances, furniture and decor, bedding, hardware, computer hardware and software, toys, automotive goods, sports equipment and wine. During the twelve months ended December 31, 2019 and June 30, 2020, Cdiscount sold products with a gross merchandise value of €3,899 million and €4,092 million, respectively, either through direct sales or through its marketplace. As of September 30, 2020, the Cdiscount marketplace represented 45.0% of its GMV, compared to 38% as of December 31, 2019, 34% as of December 31, 2018 and 32% as of December 31, 2017.

Cdiscount also offers a broad range of services to consumers. Its service offering includes discount energy and heating oil through Cdiscount Énergie, discount travel arrangements through Cdiscount Voyages and concert and other event ticket sales through Cdiscount Billeterie. Cdiscount also offers consumers mobile phone plans, health and vision insurance, credit cards and short-term consumer loans through its Cdiscount Coup de Pouce program. With its acquisition of online personal service provider Stootie in 2018, Cdiscount expanded its service offering to include a platform through which consumers seeking help with a home improvement project, moving, cleaning, electrical and plumbing work or appliance repairs can find providers to meet their needs.

Consumers are able to purchase products on Cdiscount's sites either directly from Cdiscount or via a marketplace from third-party vendors. Merchants pay a monthly subscription fee for Cdiscount to host a store on one of its websites, and Cdiscount also receives a commission on all sales carried out by third-party merchants through Cdiscount's marketplace, which varies based on product category and whether the product is new or used.

In addition, Cdiscount offers ancillary services to merchants using its marketplace. For example, since 2014, Cdiscount has proposed fulfillment services to third-party sellers in France to promote the competitiveness and growth of the Cdiscount marketplace as well as to shorten marketplace delivery times. Cdiscount's fulfillment services handle storage, preparation, shipping and customer service on behalf of its marketplace sellers, which enables sellers to increase their turnover and benefit from speedy delivery and increased customer satisfaction Most recently, in the first half of 2020, Cdiscount rolled out Cdiscount Ads Retail Solution, a new platform providing solutions for suppliers and sellers, such as the ability to bid to promote their products in the search engine and access to comprehensive campaigns dashboards. Cdiscount is also developing a new Marketplace as a Service (or MaaS) offer to address 900,000 European e-commerce websites. The revenues arising from this ecosystem of services geared toward marketplace sellers (including marketplace commissions after price discounts, marketplace subscription fees and revenues from services to sellers) grew by 13% in the twelve months ended September 30, 2020.

Cdiscount's delivery solutions remain at the cutting edge of technology and continue to improve. As of June 30, 2020, the total number of third-party SKUs eligible for express delivery was 1.3 million, compared to roughly one million at the end of 2019. In the first half of 2020, Cdiscount successfully reduced its average delivery time, shortening the average delivery time for direct sales and Cdiscount fulfilled marketplace orders by 11% between February 2020 to June 2020.

Although Cdiscount generates a substantial majority of its net sales from online transactions, Cdiscount also has a physical presence in certain of our French retail banners' stores. During 2019, nine new Cdiscount showrooms opened in Géant hypermarkets, bringing the total network to 53 as of December 31, 2019. Finally, to capture new clients, Cnova has successfully expanded internationally through partnerships with marketplaces in foreign countries and direct deliveries from its French warehouses. Cnova products are currently available in 25 European countries across 88 websites. In September 2019, Cdiscount announced an acceleration of its international strategy through its alliance with three European marketplaces: real.de in Germany, ePrice in Italy and eMag in Romania. This alliance, International Marketplace Network, or IMN, which was implemented in October 2019, allows marketplace vendors of these websites to easily and automatically broadcast and sell their products on all four websites to 230 million customers.

Our Store Network

We lease the majority of our properties. As of September 30, 2020, 10,717 stores in France and Latin America were in our network. A breakdown of the number of stores in our network by banner and geography as of December 31, 2017, 2018 and 2019 and September 30, 2020 and retail space by banner and geography as of December 31, 2017, 2018 and 2019 is presented below.

	Number of stores				Sales area (in sq. m.)		
	December 31,			Sept. 30,	December 31,		
	2017	2018	2019	2020	2017	2018	2019
Géant Casino hypermarkets	**122**	**122**	**109**	**105**	**856**	**848**	**772**
of which:							
French franchises/affiliates	*7*	*7*	*4*	*4*			
International affiliates	*5*	*5*	*6*	*7*			
Casino Supermarkets	**431**	**442**	**411**	**414**	**715**	**726**	**667**
of which:							
French franchises/affiliates	*104*	*104*	*83*	*68*			
International affiliates	*17*	*19*	*22*	*23*			
Monoprix	**789**	**795**	**784**	**791**	**732**	**737**	**741**
of which:							
Franchises/affiliates	*211*	*203*	*186*	*191*			
Naturalia	*161*	*175*	*182*	*181*			
Naturalia franchises	*7*	*13*	*23*	*28*			
Franprix	**893**	**894**	**877**	**869**	**367**	**364**	**352**
of which franchises	*399*	*433*	*459*	*463*			
Convenience stores	**5,392**	**5,153**	**5,139**	**5,166**	**726**	**700**	**701**
Other businesses	**606**	**591**	**367**	**219**	**n/a**	**n/a**	**n/a**
Indian Ocean	**209**	**239**	**259**	—	**117**	**118**	**122**
TOTAL FRANCE	**8,442**	**8,236**	**7,964**	**7,564**	**3,513**	**3,493**	**3,357**
Argentina	**29**	**27**	**25**	**25**	**108**	**106**	**106**
Libertad hypermarkets	15	15	15	15	106	104	104
Mini Libertad and Petit Libertad convenience stores	14	12	10	10	2	2	2
Uruguay	**88**	**89**	**91**	**93**	**89**	**90**	**90**
Géant hypermarkets	2	2	2	2	16	16	16
Disco supermarkets	29	29	29	29	33	33	33
Devoto supermarkets	24	24	24	24	33	34	34
Devoto Express convenience stores	33	34	36	36	6	6	7
Möte	—	—	—	2	—	—	—
Brazil	**1,081**	**1,057**	**1,076**	**1,070**	**1,811**	**1,860**	**1,963**
Extra hypermarkets	117	112	112	107	717	687	683
Pão de Açúcar premium markets	186	186	185	182	240	240	237
Extra Super and Mercado Extra supermarkets	188	173	153	151	215	193	172
Compre Bem supermarkets	0	13	28	28	0	18	33
Assaí discount stores	126	144	166	169	506	598	713
Minimercado Extra and Minuto Pão de Açúcar convenience markets	265	235	237	238	65	58	58
Drogaria Extra	127	123	123	122	10	9	9
Service Stations	72	71	72	73	58	58	58
Colombia	**1,852**	**1,973**	**2,033**	**1,981**	**1,022**	**1,033**	**1,030**
Éxito hypermarkets	90	92	92	92	485	486	485
Éxito and Carulla supermarkets	162	161	158	157	212	212	210
Super Inter supermarkets	71	73	70	69	64	67	66
Surtimax discount stores	131	112	92	77	225	229	221
Aliados discount stores	1,278	1,419	1,496	1,459			31
Surtimayorista	9	18	30	32	14	22	17
Éxito Express and Carulla Express	111	98	95	95	21	18	2
Cameroon	**0**	**1**	1	1	**0**	**2**	2
TOTAL INTERNATIONAL	**3,050**	**3,147**	**3,226**	**3,170**	**3,030**	**3,091**	**3,191**

Management of Real Estate Portfolio

We actively manage our property assets in France in line with our debt reduction plan and our transformation toward a less capital-intensive model. As of December 31, 2019, the market value of the Group's owned real estate portfolio in France was estimated to be approximately €1.3 billion, including transfer duties (and excluding our share of property held by Mercialys), compared with €2.6 billion at the end of 2018, mainly due to disposals of real estate assets. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of Results—Changes in Consolidation Scope*".

Our integrated internal teams create value for our Group as well as for third parties that own the real estate assets where we operate our retail stores through research and design, strategic land purchases, delegated project management, property development and management, property letting, management of related legal affairs and asset value enhancement and management.

In line with our focus on developing a less capital-intensive, more asset-light structure to preserve our operational flexibility, we are pursuing a model based on holding less property and developing more franchises. We also continue to create value for our portfolio by optimizing areas to expand on new business activities, such as through the conversion of certain real estate space for use by our e-commerce operations or to install our IT servers, and developing projects on our land in partnership with specialized real estate players for potential future sale.

Suppliers & Logistics

We have a large network of suppliers and we believe that we provide an important channel for these suppliers to access customers. In 2019, our top 10 suppliers represented 10.5% of our cost of goods sold. We work with over 66,000 suppliers who supply us with both private-label and national brand products. Our supplier base is characterized by numerous stable, long-term relationships with suppliers from a wide variety of backgrounds, including suppliers of leading or national brands, suppliers of our private-label products, small-to-medium enterprises or cooperatives and farmers who supply our stores locally and suppliers of goods and services for general and administrative purposes. Typically, supplier contracts are renewed on a yearly basis. We select our suppliers based on strict specifications related to product quality. We do not believe that we are dependent on any one supplier or that the loss of any one supplier would have a material adverse effect on our business.

We actively seek to maintain regular and constructive dialogue with our suppliers and have won awards for our supplier collaborations, including three Grés d'Or prizes rewarding our relations with small-to-medium enterprises in France.

To limit the social and environmental impact of our purchases, we have circulated the Supplier Ethics Charter since 2011. This Charter specifies our expectations regarding freedom of association, which must be respected across the supply chain, by reaffirming our commitment to banning all illegal practices in business relations and requiring compliance with applicable laws and standards; upholding human rights and ensuring occupational health and safety; and taking constant care to protect the environment through the efficient use of natural resources and diligent waste management and pollution abatement. In 2019, we audited more than 1,100 suppliers, including more than 90% of all suppliers producing private-label products in at-risk countries. In 2014, we signed an initial Corporate Social Responsibility agreement which affirmed the importance of encouraging suppliers to address CSR issues in their own supply chain and to promote their responsible products; the need to continue training buyers in the standards defined in the Supplier Ethics Charter and to take working conditions and environmental criteria into account when selecting suppliers; and the importance of auditing supplier production facilities in countries deemed at risk and assisting them, to the extent possible or necessary, in deploying corrective action plans. Further to this goal, in 2019, 236 suppliers covering 418 production sites self-assessed their CSR policies.

Our supply chains are organized at the country level and differ banner by banner. For example, in France, for our retail operations, our specialized subsidiary, Easydis, makes deliveries from 15 sites throughout the country representing approximately 630,000 square meters of warehousing. We also outsource certain of our logistics needs, such as transport and courier services, and enter into logistics partnerships designed to reduce supply chain costs. Our supply chain management information system, from our suppliers to our retail stores, is covered by an integrated information system. We use specific software to analyze the information we gather from our distribution network. We believe that the strength and quality of our logistics network is critical to the freshness of our products, quality control and customer satisfaction. We aim to optimize our logistics systems through automation, robotization, pooling of warehouses and partnerships with last mile delivery experts. We seek to reduce the environmental footprint of our supply chain by using alternative modes of transport. For example, Easydis is transitioning to 100% clean transport resources through the upgrade of its vehicle fleet with compressed natural gas-fueled, hybrid vehicles.

Logistics is particularly crucial to the success of our retail and pure e-commerce businesses. Leveraging our partnership with Ocado, in March 2020, we completed the development of and began operating the automated Casino O'logistique warehouse, which provides a front-to-back online solution with the ability to offer customers next-day delivery of approximately 50,000 items with low preparation and delivery costs. The deployment of this warehouse has allowed us to significantly expand the delivery area through which customers can order Monoprix products and the speed at which they receive them. In addition, as of the end of 2019, Cdiscount has a network of 11 distribution centers in France with a combined total of 544,000 square meters spread across three main regions:

Paris, Saint-Etienne and Bordeaux. To support its growing product assortment, a new warehouse of 80,000 square meters was opened near Paris (Moissy) in June 2018 and a new warehouse of 60,000 square meters was opened near Lyon in Andrézieux, France in July 2019. To efficiently process the large number of orders received, Cdiscount has automated and custom-designed its warehouse space, using 3D packing machines which allow the creation of customized packaging for each order, generating cost savings, and reducing cardboard usage with up to 30% less wasted space, and installing automated sorting systems to increase the speed of order processing.

In Brazil, GPA operates 24 distribution centers and depots strategically located across the country, with a total storage capacity of 626,000 square meters as of June 30, 2020. The locations of the distribution centers enable GPA to make frequent shipments to retail stores, which reduces the need for large in-store inventory spaces, and limits non-productive store inventories. GPA uses pd@net, a business-to-business technology platform, which links GPA's computer-automated system to distribution centers and suppliers in order to automatically replenish retail store inventory.

Quality Control

Product quality and safety are our top priorities. We have developed an end-to-end system from product specifications to store operations that ensures we sell safe, healthy products of the highest quality. Our international quality control system is deployed through a number of different channels, including through our centralized internal Group Quality department that is fully dedicated to monitoring and enforcing quality assurance and food safety standards and procedures, and managing any quality or food safety issue across our entire supply chain. The Group Quality department coordinates with subsidiary quality departments to share best practices and procedures in such areas as product quality and safety policies, traceability, supplier audits, crisis management and product withdrawal and recall. We perform regular on-side audits of production facilities, with emphasis of health and safety risks in compliance with Hazard Analysis Critical Control Point principles. In particular, our audits focus on the inspection of suppliers of private-label food products, our own warehouses to verify that best practice procedures and guidelines are being followed and our retail store locations in France.

In addition, we conduct various product quality controls throughout the year, including several inspections of our private-label products by independent laboratories, microbiology analyses by our banners' quality departments to manage any potentially serious health risks, sensory analyses conducted with customers to monitor taste, aroma and sensory characteristics of our products, and grading of produce and butcher meats in warehouses through approximately 320,000 annual inspections.

Our French and Latin American operations are members of initiatives which set global benchmarks for food safety standards throughout the supply chain. For example, in 2019, we conducted more than 21,900 microbiology and almost 23,000 physiochemical tests in France to control food, household and health and beauty products.

We sell high quality private-label food products and work to ensure the quality and safety of our products across every private-label product range. To that end, we have defined strict contractually binding specifications for every sourced private-label product which ensure that the supplier delivers a product that complies both with applicable legislation and the quality grade expected by the banners. These specifications consist of descriptive technical data, compliance statements and analysis reports.

In addition to the foregoing systems that are deployed on an international level, our individual subsidiaries also develop and deploy their own quality control and product safety programs.

Information Systems

Our information systems are critical to our business operations. They provide management, analytical and performance evaluation tools that assist management at all levels to undertake business processes. Our technical infrastructure and computer applications are also used for the day-to-day management of our business, including purchasing, sourcing, distribution, online sales, loyalty program management, data exploitation, invoicing, cash collection, reporting, consolidation and electronic data interchange. Our business depends on the ability of our employees to process transactions on secure information systems and our capacity to store, retrieve, process and manage information.

Our information systems are highly integrated, covering most of our fundamental business service areas. We have developed a target model based primarily on two well-known management software suites for administrative functions and sales functions. This model encompasses IT standards and governance frameworks to ensure that our information systems are geared to our current and future objectives.

We have a dedicated department, the Group Information Systems Security Department, that ensures the security of our information systems by regularly assessing each unit's information systems security, ensuring that action plans have been drawn up to address areas for improvement and leveraging synergies between information systems security departments to coordinate initiatives and ensure a consistent level of security across our lines of business.

We believe that our information systems are robust, adequate to support our activities and operate at standards that are comparable to other operators in our industry.

Customers, Publicity and Marketing

We seek to promote quality dialogue with our customers to stay in tune with customers' expectations and to promote customer service. Each of our banners has an organization dedicated to customer service functions.

Our main banners have established loyalty programs (including digital programs) to improve customer satisfaction, monitor customer needs and allow customers to obtain discounts or award credits on their future purchases. We continue to increase the digitalization of our loyalty programs with new features regularly added across all of our loyalty program mobile applications. Our loyalty programs are a key tool in giving loyal customers access to preferential offers tailored to their shopping habits. For example, the Éxito loyalty program had approximately 5 million members as of December 31, 2019 and is Colombia's largest. Furthermore, Cdiscount's à Volonté loyalty program had over 2.2 million members to date and provided its member customers free one-day shipping and other advantages such as free and unlimited online access to newspapers and magazines.

Each of our banners has a customer service center that is open 24/7 by telephone, mail or the Internet where customers can obtain information on stores and products and have their questions answered. We also connect with our customers through dedicated applications, as well as our banners' social networks, which allow customers to exchange directly with our stores and have their questions answered in real time, and through surveys and questionnaires that address a wide variety of issues that affect customer satisfaction, from store cleanliness and service quality to the range of products offered. For example, in Colombia, Éxito carries out approximately 100 customer surveys per store as well as online surveys. In 2019, it successfully surveyed nearly 59,000 customers to track their satisfaction rate, which was above 93%.

Marketing is an integral part of the promotion of our banners, stores and products. We carry out a number of branding and advertising initiatives through our stores, websites and mobile applications, and, to a lesser extent, through print and broadcast advertising campaigns. We develop integrated marketing campaigns specific to each store banner in which we operate that are structured and directed to the banner's target consumer market. The Group is engaged in customizing its marketing efforts through the development of mobile applications like Casino Max in France, which enables customers to access customized coupons.

Corporate Social Responsibility (CSR)

Our corporate social and environmental responsibility is a top priority for our management and is viewed as a cornerstone of our further success. We have established a number of goals and initiatives through our CSR program to ensure responsible operations and to create a healthy and safe future for people and the environment. The key sustainable development goals of our CSR program include serving as (1) a responsible retailer, through sales of responsible and innovative products; (2) a trusted partner to our suppliers by supporting local production and promoting ethical compliance across our supply chain; (3) an environmentally, climate-aware group focused on reducing our environmental impact, particularly in terms of energy use and waste; (4) a local corporate citizen through solidarity partnerships and other programs; and (5) a committed employer, promoting diversity and growth opportunities for our employees.

We have a longstanding commitment in favor of gender equality and diversity. In 2019, 52% of our 219,132 employees were women, 39.5% of which were employed at the management level Group-wide (reflecting a 4.5 percentage point increase compared to 2015). In addition, in 2019, more than 8,500 of our employees were classified as having a disability, representing an increase of 28% compared to 2015 (in Brazil, this figure represents an increase of 94% since 2015). We are also committed to diversity in age, with 47% of our workforce between 30 to 50 years old, 39% under the age of 30 years old and 14% were 50 years old and over in 2019. We believe we are the only French retail group that has been awarded the Equality and Diversity Label by the *Association Française de Normalisation* (AFNOR). Further, Our Board of Directors is strongly committed to diversity. Catherine Lucet, the lead independent Director, is also a member of the Audit Committee and Chair of the Governance and Social Responsibility Committee. There are no controlling shareholder representatives on any of our Board Committees. Further, 46% of our Board members are women. Our Board is strongly committed to its initiatives, as evidenced by the 13 meetings (93.5% attendance rate) and the 24 meetings of our committees (100% attendance rate) which took place in 2019.

We are committed to developing and championing social initiatives that are beneficial for consumer health and our suppliers. Since 2005, we have focused on implementing policies to protect consumer health, including through improving the nutritional profile and ingredients of our private-label products, developing product ranges for specific nutritional requirements, conducting research into innovative products and production methods and promoting balanced eating. We offer a wide range of organic products across our private labels and dedicated organic and natural food store, Naturalia. For the year ended December 31, 2019, we sold approximately €1.1 billion worth of organic products in France, offering organic and natural products in over 200 Naturalia stores and through more than 2,300 of our private-label organic products across our different banners. Moreover, we have pledged to label all of our Casino private-label food products with Nutri-Scores by 2021, and have already done so for more than 40% of such products, demonstrating our commitment to our customers' health.

As part of our CSR initiatives, we are focused on monitoring and improving the impacts of our supply chain by deploying processes to assess social, human and environmental risks across the supply chain, facilitating the development and implementation of our suppliers' own CSR policies and supporting local producers. As a founding member of the Businesses for Human Rights Association, we strongly support cross-industry initiatives to identify and prevent risks in the areas of human rights violations, employee health and safety and serious damage to the environment. In 2019, more than 34,000 of our products were sustainable, including organically farmed food products, organic cotton textile products, organic or eco-friendly hygiene and personal care products compliant with local regulations (and, in particular, with the Ecocert guidelines in France), fair trade products as identified by a fair label and products with a certification attesting to their compliance with an environmental progress program (e.g., MSC, NF Environnement, FSC, PEFC, European Ecolabel). In addition, we conducted over 1,100 audits of our suppliers.

For many years now, we have been working closely with suppliers, local production chains and animal rights organizations in a commitment to offering products that are more respectful of animal welfare. To drive a cycle of continuous improvement, we cultivate dialogue with a wide range of stakeholders, including NGOs, veterinarians, suppliers, production chains, consumers and employees, in the hope that these initiatives will improve and broaden the array of animal-welfare friendly products on its store shelves and enable customers to enjoy better quality products made from more ethically treated animals. The chosen approach consists of both monitoring conditions in the breeding, transport and slaughtering process and supporting the production chains as they transition to better, more welfare-friendly practices. Our assertive commitment was recognized by the Business Benchmark on Animal Farm Welfare (BBFAW), which in 2018 rated our performance as Tier 3, at the top of French retailers on this issue. Consumer awareness plays a critical role in improving the treatment of farm animals, and to inform shoppers about the animal welfare aspects of the products they buy, we developed a labeling system in collaboration with three recognized animal rights organizations (including Compassion in World Farming), which will help to support standardized animal welfare labeling in France. The labels were initially prepared for broiler chickens, with the first labeled products appearing in stores in December 2018. At the beginning of 2020, the program was extended to other distributors and producers.

Finally, we are committed to supporting the most vulnerable through our various charitable initiatives. In 2019, our collection and donation initiatives resulted in the donation of nearly 21,900 tons of food products (equivalent to 43 million meals) to food banks or other social welfare organizations. In Brazil, GPA deploys a number of annual initiatives, inviting clients to donate food and products to social institutions. In 2019, GPA donated 2,400 tons of food and products, including 1,300 tons of food collected on Solidarity Day, GPA's yearly initiative with over 100 partner organizations. Through the Éxito Foundation, Grupo Éxito also supports numerous initiatives to fight malnutrition in Colombia.

Our environmental initiatives are built on three key pillars: the reduction of our greenhouse gas emissions in the fight against climate change, the preservation and conservation of resources in the fight against food waste and the preservation of biodiversity. Our environmental policy is supported by and implemented based on a number of internationally agreed-upon sustainability initiatives, including the objectives of the 2015 United Nations Climate Change Conference (COP 21) and the Montreal Protocol, as well as the United Nations' sustainable development goals, among others. In furtherance of these pillars, between 2015 and 2019, we successfully reduced our direct greenhouse gas emissions in France by 19.6%, as validated by Science Based Targets, and have established integrated action plans across our network to continue to reduce our emissions. In line with our commitment to the Science Based Targets initiative, we have undertaken to reduce our Scopes 1 and 2 greenhouse gas emissions by 18% between 2015 and 2025, as well as our Scope 3 emissions by 10% between 2018 and 2025. We have also undertaken to reduce the amount of electricity used per square meter of retail space by 18% between 2015 and 2025. As of December 31, 2019, more than 477,000 square meters of solar panels were installed across all of our store roofs and parking facilities in France and Latin America. In partnership with

GreenYellow, we are working to deploy energy performance contracts in many of our retail stores, the installation of which will guarantee at least a 20% reduction in the baseline consumption of such stores. We are also committed to reducing and eventually eliminating disposal by dumping, aiming to create a circular economy by using end-of-life products a sources of new raw material. We have a target of using 100% of reusable, recyclable or compostable packaging for our Casino private-label products by 2025. In 2019, we successfully used 160 tons of recycled plastic for packaging. Moreover, part of our commitment to offering sustainable food to our consumers is to ensure sustainably sourcing. We have committed to a target of sourcing 100% of the palm oil used in our French private-label products from sources certified by the Roundtable of Sustainable Palm Oil by 2020.

Employees

As of December 31, 2019, we had a total of 219,132 employees, including those individuals employed by GPA and Grupo Éxito, of which 209,696 were full-time equivalent employees. Of our full-time equivalent employees, 10,975 were managers, 21,362 were supervisors and 177,359 were supporting staff. Typically, the total number of employees increases at the end of the year due to seasonal hires. A majority of these employees, 71%, are based in South America, while the remaining 29% of the employees are based in France.

A breakdown of the employee workforce by country as of December 31, 2019 is set forth below:

	As of December 31, 2019
France	29%
Brazil	50%
Colombia	16%
Argentina & Uruguay	5%

As of December 31, 2019, 94% of these employees were employed under permanent contracts. Fixed-term contracts are used primarily to replace staff on leave or to support in-store teams during peak season periods. Trends in our business resulted in the hiring of more than 110,576 people on permanent or fixed-term contracts in 2019, which reflects a decrease of 4% over the prior year. As of December 31, 2019, approximately 82% of the total employees were employed full-time. Our turnover rate was 24.6% in 2019.

Our compensation policy takes into account each employee's skills, level of responsibility and experience. We are committed to offering at least the legal minimum wage with fair, competitive compensation in line with market practices observed for each job and tailored to the specific local characteristics of each host country. We also offer variable compensation to most managers, supervisors and employees to encourage individual and group performance based on the fulfilment of quantitative and qualitative objectives. We regularly carry out surveys, mainly concerning management positions and other jobs that are difficult to fill, in order to assess the competitiveness of our compensation as compared with our peers.

Every unit across our business in France has signed collective bargaining agreements with representative unions, covering issues such as working hours and compensation. We maintain regular dialogue with trade unions. There are currently more than 20 agreements and action plans in force in France, covering the employment of people with disabilities, gender equality, workplace health and safety, benefits and compensation and, more broadly, CSR topics in an agreement reaffirming our determination to integrate CSR into our business and human resources model. The implementation of these agreements is regularly monitored and their outcomes are presented to the representative trade unions every year. We believe we have good working relationships with our employees and their representatives and have not experienced any significant labor disputes or work stoppages.

In each of the countries in which we operate, we have developed and implemented innovative human resources and management policies that are sensitive to local cultures. These policies are designed to foster the professional development of employees, enhance employee talents, combat discrimination, support equal opportunity, nurture constructive and innovative social dialogue, promote employee health, safety and well-being in the workplace and offer fair, progressive compensation and benefits. We are committed to promoting diversity in our hiring practices, helping young people enter the workforce, providing growth opportunities for employees and taking action to protect employees' health and well-being.

We are committed to providing career growth opportunities to our employees, who are the driving force behind our operating performance. We prioritize internal mobility in order to facilitate employee career development and ensure that we have adequate resources to meet our current and future needs. For example, we are committed to filling at least 50% of our management positions by promoting from within. We believe that our training capabilities are a powerful driver of employability and upward social mobility. Each of our subsidiaries' human resources departments offers training plans to support our employees' growth and career development and to guarantee the smooth integration of new hires. In every unit, training focuses on four main subjects: (1) health, safety and quality rules and practices; (2) technical training in our business; (3) training in customer service; and

(4) management and leadership training. Our training is delivered by dedicated teams, such as Campus Casino or Assaí University, and through our in-house training centers, which offer a diversified range of classroom and online programs to address the development of skills needed by the retail trade, the acquisition of technical capabilities and management practices.

Intellectual Property

We use a variety of trade names, service marks and trademarks in our business and rely on trademark and copyright laws, confidentiality procedures and contractual provisions to protect our intellectual proprietary rights. We believe that the brand names of each of our various banners enjoy high brand recognition in their respective geographic markets and are material to our business. Our intellectual property policy is centered around the protection of our brands and our domain names. This policy involves filings and reservations on either a local country basis or in the full range of countries where we operate or wish to preserve and protect our rights.

Our principal trade names (that we own, or, in the case of Spar, which we license) include: Casino, Casino#Bio, Casino Supermarché, Cdiscount, Franprix, Géant, Géant Casino, GreenYellow, Le Marché d'à Côté, Le Petit Casino, Leader Price, Monop, Monop', Monoprix, Naturalia, Petit Casino, Sherpa, Spar, Vival and Vival by Casino.

Insurance

We maintain insurance coverage against the risks inherent in our various businesses. Our insurance policies cover combined property damage and business interruption coverage, civil liability coverage, environmental liability coverage, cybercrime coverage, transported goods insurance, corporate officers' liability insurance, building manager and/or property portfolio manager professional liability coverage, fleet insurance, construction liability coverage and health and death or disability insurance in France. When allowed by law, we pursue our policy of purchasing worldwide master insurance policies in order to improve and increase the levels of cover where we believe necessary. In addition, to manage and control our insurance costs, we self-insure small, high-frequency claims corresponding mainly to civil liability and property damage claims. We consider our policies adequate to cover the major risks of our business, but there can be no assurance that this coverage will be sufficient to cover the cost of defense or damages in the event of a significant claim. See "*Risk Factors—Risks Related to our Business and Industry—We may incur liabilities that are not covered by insurance and could be exposed to significant financial risks if our insurance coverage proves to be inadequate*".

Legal Proceedings

At any given time, we may be party to litigation or be subject to non-litigated claims arising out of the normal operations of our business, such as employee claims, disputes with our suppliers and customers and disputes with our lessors at the renewal of our commercial leases. A description of material legal proceedings and investigations to which we are party is below.

Arbitration between GPA and Peninsula

On September 12, 2017, GPA received a request for arbitration from Fundo de Investimento Inmobiliáro Península ("**Península**") in order to discuss the calculation of rental charges and other operational matters related to leasing agreements concerning stores owned by Península and operated by GPA. The leases in question have a duration of 20 years as from 2005 and are renewable for another 20-year period at the sole discretion of GPA and set out the method for calculating rental charges. Despite the discussions concerning application of the lease terms, the request for arbitration has no impact on the operation of the leased stores, which is contractually guaranteed. The arbitration is ongoing. As of September 30, 2020, GPA had not set aside any provision in relation to this arbitration.

DGCCRF proceedings

On February 28, 2017, the French Ministry of the Economy, represented by the Department of Competition Policy, Consumer Affairs and Fraud Control (the "**DGCCRF**"), brought an action against Casino in the Paris Commercial Court concerning a series of credits totaling €22.2 million issued in 2013 and 2014 granted to our Group by 41 suppliers. The DGCCRF claims that we demanded that these credits be given to us in an illicit manner outside the scope of our annual supply contracts and conditioned our future business relations on the grant of such credit. The DGCCRF is seeking repayment of this sum to the suppliers concerned and the imposition of a fine of €2 million. On April 27, 2020, the Paris Commercial Court handed down its decision, dismissing most of the DGCCRF's claims. The Paris Commercial Court considered that there was no evidence to support the vast majority of DGCCRF's claims of unlawful behavior concerning 34 suppliers, but partially accepted a mere set of

DGCCRF's claims concerning the other seven suppliers. The Paris Commercial Court ordered the Group to refund a series of credit notes issued in 2013 and 2014 by the seven suppliers for a total of €2 million, and to pay a fine of €1 million. The Group maintains its position pursuant to which the Group acted in accordance with applicable regulations in its negotiations with the suppliers concerned, and is considering appealing this decision. Any such appeal would have a suspensive effect. As of September 30, 2020, we had not set aside any provision in relation to these matters.

Additionally, on April 11, 2017, the DGCCRF also brought an action in the Paris Commercial Court against the common purchasing entity Intermarché-Casino Achats ("**INCA-A**"), and its parent companies Intermarché and Casino, claiming that INCA-A had engaged in abusive commercial practices and benefited from an economic imbalance when we were engaged in supply negotiations with 13 multinational companies in the hygiene and fragrance industry in 2015. The DGCCRF is seeking restitution of sums to the suppliers in question and the imposition of a fine of €2 million.

Proceedings related to both cases are still in progress. We believe that we complied with applicable law and regulations during our negotiations with our suppliers and intend to continue to vigorously defend our position. As of September 30, 2020, we had not set aside any provision in relation to these matters.

Investigations by French and European Competition Authorities

We have been subject to inquiries by the French and European competition authorities concerning certain of our business practices.

In February 2017, representatives of the French Competition Authority carried out a search of the premises of Vindémia Logistique and Vindémia Group and seized certain documents concerning their consumer goods supply and distribution activities in La Réunion. The French Competition Authority has not issued any complaint in connection with these searches and is about to terminate this proceeding without further action.

Additionally, in February 2017, representatives of the European Commission carried out a search of the premises of Casino, Guichard-Perrachon Achats Marchandises Casino ("**AMC**") and 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 April 2017, we field with the General Court of the European Union a motion to annul the search of the premises of AMC and INCA-A performed in February 2017. In May 2019, representatives of the European Commission conducted additional searches of the premises of AMC, INCA-A having since ceased operations. Although the European Commission did not issue any complaint in connection with the abovementioned searches, the European Commission publicly announced on November 4, 2019 that it had launched an official investigation to assess whether we and Intermarché have coordinated our conduct in the market in breach of EU competition rules. On October 5, 2020, the General Court of the European Union partially annulled the decisions of the European Commission ordering the search of the premises of AMC and INCA-A performed in February 2017. Applications filed by our Group to contest the legitimacy of the European Commission's second series of searches, performed in May 2019, are still pending before the General Court of the European Union.

Moreover, in July 2018, after receiving notice in accordance with French law No. 2015-990 of August 6, 2015, the French Competition Authority launched an informal investigation into the creation of joint purchasing organizations in the food retailing sector. The investigation concerns in particular the Horizon central purchasing organization set up between Auchan, Casino, Metro, Schiever and Dia. The investigation is still in progress.

Dispute between Cnova and Via Varejo

On October 31, 2016, Via Varejo combined with Cnova Brazil, the company responsible for the Group's e-commerce business in Brazil. The transaction involved the acquisition by Via Varejo of 100% of Cnova Brazil's shares from Cnova N.V. ("**Cnova**"). The business combination agreement included standard seller's guarantee compensation clauses.

In September 2019, Via Varejo notified Cnova of its obligation as guarantor to pay for an undocumented amount of around BRL 65 million (€11 million) in connection with outstanding litigation with employees and customers associated with Cnova Brazil. Since this notification, Cnova and Via Varejo have sought to determine the substance and, where appropriate, the scope of the compensation claim. These discussions are ongoing and, as such, Cnova is unable to currently determine the extent of its exposure to this risk.

On July 20, 2020, Cnova received a notification that Via Varejo had commenced arbitration proceedings to resolve the compensation claim. To date, no further information has been provided in connection with the arbitration proceedings and Cnova therefore continues to be unable to determine the extent of the risk and potential liability, if any. As of September 30, 2020, we did not record any provision in relation to this proceeding.

REGULATION

We are subject to a wide variety of laws, regulations and industry standards administered by local, national and other government entities in the jurisdictions in which we operate. The following provides a brief description of the main laws and regulations that govern our activities and personnel in our principal geographic markets, France, Brazil and Colombia. References and discussions to directives, laws, regulations and other administrative and regulatory documents are entirely qualified by the full text of such directives, laws, regulations and other administrative and regulatory documents themselves.

Food Safety and Hygiene

As a major international food retailer, we are subject to food safety and hygiene regulations and directives promulgated by the jurisdictions in which we operate.

European Union

The main food safety regulator at the EU level is the European Food Safety Authority (the "**EFSA**"), which was established in 2002 by Regulation (EC) No. 178/2002, as amended and supplemented (the "**General Food Law Regulation**"). The EFSA assesses and communicates risks associated with the food chain in order to inform the policies and decisions of food safety risk managers.

The General Food Law Regulation sets forth the general principles and requirements of food safety legislation to be implemented into national law by all member states of the EU. In particular, the General Food Law Regulation requires food business operators to ensure that businesses under their control satisfy relevant requirements and to verify that such requirements are met at all stages of production, processing and distribution. It also imposes a mandatory traceability requirement along the entire food chain that applies to all food and all types of operators in the processing, transportation, storage, distribution and retail stages, among others. Each food operator is required to register and keep for a reasonable period of time (the guidance of the Standing Committee (on the Food Chain and Animal Health) states that five years is a reasonable time) detailed product information (including the name and address of the producer, the nature of the product and the transaction date) and make such records immediately available to competent authorities upon request.

Our food products sold in our French retail locations are also subject to specific European food hygiene legislation under Regulation (EC) No. 852/2004 of April 29, 2004 on the hygiene of foodstuffs, which applies to all food businesses, and to Regulation (EC) No. 853/2004 of April 29, 2004 laying down specific hygiene rules for the hygiene of foodstuffs of animal origin (together, the "**EU Hygiene Regulations**"). The EU Hygiene Regulations require that we obtain and maintain hazard analysis and critical control point ("**HACCP**") certification, including instructing employees in this regard and conducting appropriate record-keeping. HACCP is a systematic preventive approach used in the food industry to identify potential food safety hazards, so that key actions (known as critical control points) may be taken to reduce or eliminate risks, while considering all key aspects of product manufacturing, from the safety of the raw materials, to process validation (for example, cooking and washing), to shelf life and finally end-consumer usage. In addition, the EU Hygiene Regulations include more stringent requirements for food products of animal origin, such as meat, fish and dairy products, and food containing such products. European legislation regulates the temperature settings at which these products must be kept as well as the length of time for which they can be displayed.

In addition, our French operations are subject to European legislation governing the production, transport and storage of frozen foods intended for human consumption. Council Directive (EEC) No. 89/108 of December 21, 1988 (amended, *inter alia*, by European Directive 2006/107/EC dated November 20, 2006), establishes the general European regulatory framework for the trade and manufacture of frozen foods. European Directive 92/2/EEC dated January 13, 1992 and Regulation No. 37/2005 dated January 12, 2005 set out specific technical measures for the implementation of the framework established by Directive 89/108/EEC. Directive 92/2/EEC establishes the sampling procedures and the European Union's method of analysis for the official control of such samples. Regulation (EC) No. 37/2005 dated January 12, 2005 also details the monitoring of temperatures during the transport, warehousing and storage of frozen foods.

France

In France, the principal food safety regulator is the Agency for Food, Environment and Occupational Health and Safety (*Agence nationale de sécurité sanitaire de l'alimentation, de l'environnement et du travail*, or the "**ANSES**"). The ANSES is the independent expert within the French administration for public health safety matters. The ANSES may make any recommendation to the French authorities in this respect. In addition, French food safety regulation requires each establishment that brings to market products of animal origin or food containing such products to obtain an official authorization. Further, we are subject to several provisions of the French Rural Code (*Code rural*), as amended, dealing with, among other things, with food safety epidemiology concerns related to products of animal origin and animal feed, and animal health.

Brazil

In Brazil, the safety of the food supply is governed by a number of regulatory agencies. The Ministry of Agriculture, Livestock and Food Supply ("**MAPA**") and the Ministry of Health ("**MS**"), through its National Agency of Sanitary Surveillance ("**ANVISA**"), are the primary regulators of agricultural products. MAPA enforces a large number of regulations pertaining to the production, marketing, import and export of animal products, fresh fruits and vegetables, alcoholic beverages, juices, grains, seeds and animal feed (including food for pets). ANVISA enforces most of the regulations governing processed food products. The Brazilian Consumer Protection Code (Law n° 8,078/90) ("**CDC**") also treats consumer health and safety protection.

Food Labelling and Nutrition

In addition to the hygiene and safety of our food products, we are also subject to regulations and directives governing food labelling and nutrition of the food products that we sell to customers.

European Union

Our food products sold in our French retail locations are subject to Regulation (EU) No. 1169/2011 of October 25, 2011 on the provision of information to consumers (the "**Food Labelling Regulation**"), which replaced and consolidated into one piece of legislation previous labelling rules deriving from Directive 2000/13/EC regarding labelling, presentation and advertising of foodstuffs, Directive 90/496/EEC on nutrition labelling of foodstuffs, and other legislative acts for specific categories of foods. The Food Labelling Regulation, which introduced key changes such as mandatory nutrition disclosure on processed foods and amendments to nutrition labelling formats, entered into force on December 13, 2014 (save for the obligation to provide nutrition information applicable from December 13, 2016). Additional provisions regarding allergen labelling in hot beverages also apply. In recent years, national and local authorities have begun introducing regulations and requirements motivated by concerns regarding nutrition and environmental sustainability. These measures have included, among others, greater emphasis on food labelling and disclosure of nutritional content, requirements to utilize recyclable packaging materials, and additional taxes on food and beverage items with high sugar content.

Brazil

Since 2011, Brazilian law has required the use of labels containing nutrition facts on most food products, with some categories of products exempt from these regulations. Pursuant to the CDC, product labels are required to include the product's quantity, composition, price, guarantee, shelf life, origin and a description of any risks to the consumer's health and safety. All imported products are required to present food labels in Portuguese and reflect metric units or a metric equivalent. ANVISA is responsible for the development and enforcement of food labelling regulations, including by providing specific guidelines for food labelling content.

Colombia

In Colombia, food product labelling is mandated by the Ministry of Health and Social Protection ("**MHSP**"), which establishes standards for labelling of packaged and raw food products for human consumption. Through Resolution 5109 of December 29, 2005, MHSP regulation mandates that labels relating to packaged food products and raw materials for food for human consumption must provide clear and comprehensive information with the goal of allowing consumers to make informed choices about the products they purchase. Such information must be provided in Spanish.

Consumer Protection

France

The marketing and sale of our products to consumers subject us to various consumer protection laws and regulations. In France, this requirement arises under, in particular, the French Consumer Protection Code (*Code de la consommation*), the Law for Trust in the Digital Economy (*loi n°2004-575 du 21 juin 2004 pour la confiance en l'économie numérique*) ("**LCEN**"), which defines e-commerce and sets out specific obligations applicable to online retailers, further completed by Law 2020-1508 of December 3, 2020 adapting several provisions to European Union law on economic and financial matters (*loi no 2020-1508 du 3 décembre 2020 portant diverses dispositions d'adaptation au droit de l'Union européenne en matière économique et financière* or "**DDADUE**").

A department of the Ministry of Economy, the Department for Competition, Consumer Protection, and Anti-Fraud Enforcement (*Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes*) is specifically responsible for protecting consumers and their safety. From time to time it conducts audits of the Group's operations on-site and through document reviews. In addition, the "Hamon Law" (*loi n°2014-344 du 17 mars 2014 relative à la consommation*) that transposes into French law the provisions of Directive 2011/83/EU of October 25, 2011 on consumer rights was implemented on March 17, 2014. It introduced a number of changes related to the quality of pre-contractual information to be provided to consumers, extended the cancellation period for distance contracts to fourteen days, introduced the possibility for group actions, forbade additional payments as a default option and prohibited retailers from having loyalty card offerings that are subject to payment on credit. Additional pre-contractual transparency obligations for certain operators of online platforms were introduced by the Law for a Digital Republic (*loi n°2016-1321 du 7 octobre 2016 pour une République numérique*), which became effective in 2018.

Brazil

In Brazil, the *Procuradoria de Proteção e Defesa do Consumidor* ("**Procon**") offices serve as an important source of guidance for consumers. Procon is responsible for guiding consumers with their grievances and providing them with information about their rights. The first Procon office was established in São Paulo in 1970. Procon's presence has grown to now include an office in every Brazilian state capital. Brazil's consumer defense policies are regulated by the Consumer and Protection Defense Department ("**DPDC**").

Colombia

Consumer protection in Colombia is governed the Consumer Protection Act (Law No. 1480 of 2011) and Article 78 of the Colombian constitution. The Superintendence of Industry and Commerce is the state agency responsible for ensuring consumers' rights. Through the authority granted by the Consumer Protection Act, the Superintendence of Industry and Commerce is charged with protecting consumers from hazards to their health and safety, ensuring the provision of adequate information to consumers so that they may make informed choices and prioritizing the protection of children and adolescents as consumers, among other initiatives aimed at protecting Colombian consumers.

Consumer Credit

France

Our Floa Bank operations in France, through which we offer various forms of consumer loans and consumer credit, subject us to regulations that govern the French consumer credit regulatory framework. The EU Consumer Credit Directive 2008/48/EC was adopted in April 2008 and has been implemented in France through a number of consumer credit regulations. Certain obligations introduced by Law 2010-737, dated July 1, 2010 and the Ordinance n° 2016-301 dated March 14, 2016 relating to the legislative part of the French consumer code ratified by Law 2017-203 dated February 1, 2017, reforming consumer credit and lending, apply to regulate more strictly the availability and use of consumer credit.

The law requires, *inter alia*, that, before making a loan, lenders must (i) verify the solvency of, and provide an explanation and information to, borrowers, (ii) deliver a precontractual information sheet to the borrower, (iii) consult the credit rating reports showing any incidents of failure to repay a debt and (iv) provide a legally mandated withdrawal period (which is set by law at 14 days), during which the borrower may decide to cancel the loan without cause and without penalty. Regulations also affect the maximum amounts that consumers can borrow and maximum interest rates (usury rates). Furthermore, specific provisions apply to loans made at the point of sale: the law provides for (i) an obligation to specifically train sellers in retail outlets in making consumer loans, (ii) the regulation of commissions paid to sellers and (iii) an obligation on retailers to deliver a questionnaire and information sheet to be completed by the seller and the borrower. For loans exceeding €3,000, the questionnaire must be supplemented by supporting documents. Certain types of consumer loans, such as revolving credits or specific purchase loans, are subject to additional requirements.

Brazil

Financial institutions in Brazil must seek authorization to operate from the Brazilian Central Bank, a supervisory body that functions under the mandate of the National Monetary Council policy committee of Brazil, which is composed of the Minister of Finance, the Minister of Planning, Budget and Management and the Governor of the Central Bank. The Central Bank is responsible for the surveillance of financial institutions, the implementation of monetary and credit policies and the enforcement of regulations applicable to financial institutions in the public and private sectors.

Colombia

The foundation of the regulatory framework for financial regulation in Colombia is Article 335 of the Colombian constitution, which specifies that financial activities are of public interest and may only be undertaken with prior and express government authorization. The Colombian Congress has the authority to legislate on matters relating to financial activities. Among such laws are Law No. 45 of 1990, which establishes the government's power to intervene, inspect, supervise and control the financial markets, as well as Law No. 1328 of 2009, which sets out the general principles for financial consumer protection. In addition, the Ministry of Finance issues decrees setting out policies for the financial sector and the Superintendence of Finance issues resolutions and letters that implement and enforce banking regulations.

Restrictions on Promotions of Food Items

In France, our flexibility in pricing food items sold by our various banners is limited by the law of October 30, 2018, which is also known as the Égalim Law (the "**Égalim Law**"). The Égalim Law, as completed by the provisions of a number of ordinances and decrees promulgated after its enactment, limits the ability of food retailers to sell products to consumers at a loss. The Égalim Law also limits food retailers' ability to carry out promotional campaigns for food products for a trial period of two years, beginning on January 1, 2019, including the following limits:

- food rebates are capped at 34% of the value of the product, meaning that food retailers may no longer offer two-for-one sales (although three-for-two sales are permitted);
- promotions can only concern 25% of the annual merchandise volume sold by the banner; and
- the use of the word "free" is prohibited for the promotion of a food product.

Security Standards

France

In France, certain of our premises may fall under the safety standards applicable to buildings open to the public (*établissements recevant du public*), as set forth in Articles L. 123-1 to L. 123-4 and Articles R. 123-1 to R. 123-56 of the French Construction and Housing Code (*Code de la construction et de l'habitation*). These provisions include the safety rules for such buildings and, in particular, the protective measures required to minimize the risk of fire and panic. Buildings open to the public include any building, premise or closed space where people are admitted, either free of charge or in consideration of a fee or other payment, or where meetings are held that are open to all, or upon invitation, whether for a fee or otherwise. Builders, owners and operators of buildings open to the public are required, both during construction and operation, to comply with certain preventive and protective measures to ensure safety, and must also ensure that the facilities and equipment are maintained and repaired in accordance with applicable regulations.

A specific authorization is required for premises open to public, classified on a scale of 1 to 5 depending on how many persons can simultaneously be in the premises at any given time. If a building is classified in categories 1 to 4, the relevant mayor must issue an order (*arrêté*) authorizing the opening of the premises after receiving a positive assessment from the competent safety commission once he or she has carried out an inspection visit. The safety commission will visit the building regularly to check its safety standards.

Brazil

In Brazil, businesses seeking to open and operate stores must obtain a business permit, health and safety permits, site approval and an inspection certificate from the local fire department. Retail stores are subject to regular inspection by city authorities.

Data Privacy

As part of our business operations, we process customer data for several purposes, including for marketing. Our collection of such consumer data subjects us to regulations governing our practices of consumer data collection and use.

European Union

In the European Union, we must comply with strict data protection and privacy laws that restrict our ability to collect and use personal information relating to individuals, including customers and potential customers, including the marketing use of that information. In particular, Regulation (EU) 2016/679 of April 27, 2016, which became applicable on May 25, 2018 ("**General Data Protection Regulation**" or "**GDPR**"), increased both the number of and the restrictive nature of obligations for the collection and processing of personal data. The GDPR's range of compliance obligations carry financial risks resulting from penalties for data breach or improper processing of personal data, including a possible fine of up to 4% of total worldwide annual turnover for the preceding financial year for the most serious infringements. The territorial scope of the GDPR now extends to entities outside the EU that target or sell to individuals in the EU.

France

In France, we are subject to Law No. 78-17, dated January 6, 1978 on Information Technology, Data Files and Civil Liberties, as amended on June 21, 2018, for our collection and processing of personal data, including customer data (the "**LIL**") and the French Postal and Electronic Communications Code (*Code de postes et de communications électroniques* (the "**CPCE**")).

The LIL sets out the national derogations from the GDPR, defines individuals' rights to their personal information and gives the French Data Protection Authority (*Commission Nationale de l'Informatique et des Libertés*, or "**CNIL**") notably the power to intervene on their behalf. It also covers other matters not addressed by the GDPR, such as implementation of EU Law Enforcement Directive (EU 2016/680). The CNIL has a wide range of powers, including the power to temporarily or permanently suspend data processing operations, order the deletion of data, conduct investigations and spot audits and/or request a competent court to order the adoption of any necessary measures. The CNIL can issue the sanctions permitted by the GDPR and additional fines for non-compliance and it may also order the publication of its enforcement actions. Criminal sanctions can also apply for non-compliance with the LIL under the French Criminal Code.

The CPCE (as amended by the LCEN) implements certain obligations of the EU Directive on privacy and electronic communications (2002/58/EC), as amended (the "*ePrivacy Directive*"), including rules relating to direct marketing by electronic means (*e.g.*, email, SMS, online messaging), which are of particular relevance to the marketing activities of the Group. The ePrivacy Directive will be replaced by EU regulation some time in 2020, and like the GDPR it will be directly applicable within the Member States. The final text of the regulation has not been agreed, therefore there is uncertainty regarding the ultimate scope of the regulation and whether it will maintain existing rules regarding electronic marketing or whether such activities will be subject to additional compliance obligations. Sanctions for breach of the new regulation will be equivalent to those contained in the GDPR.

Brazil

Brazil's data privacy regulations include the recently-enacted General Data Protection Law (Law No. 13.709/2-18) ("**LGPD**"), which is based on the GDPR governing the EU. The LGPD was enacted on August 14, 2018 and will apply as of August 16, 2020 (per Provisional Measure 869 of December 27, 2018). It is intended to prevent abuse in the processing and use of personal data. Subject to a few exceptions, the LGPD applies to activities, whether by individuals or public and private entities, involving information pertaining to an identified or identifiable person. The Brazilian Data Protection Authority is expected to issue further information regarding the specific requirements of the LGPD in the near future. Failure to comply with the regulations set forth therein may subject the infringing party to civil liability, administrative sanctions and public acknowledgment of non-compliance.

In addition to the LGPD, data protection in Brazil is governed by the Civil Code, the CDC, Law No. 12,414/2011 (regulating credit information relating to individuals and legal entities), the Internet Civil Framework (Law No. 12,965/2014), (providing for the protection of internet users' privacy) and Decree 8,771/2016 (governing data protection by application providers).

Colombia

In Colombia, the processing of personal data is regulated by two principal laws as well as several decrees that set out data protection obligations. Statutory Law No. 1266 of 2008 regulates the processing of financial data, credit records and commercial information collected in Colombia or abroad. It also defines general terms on habeas data, a legal remedy for the violation of individual's right to privacy due to the gathering, collecting or storing of data regarding the individual, and establishes basic data processing principles, data subject rights, data controller obligations and specific rules for financial data. It further requires those who process and control personal data to guarantee that such data is maintained pursuant to strict security measures and confidentiality standards, will not be modified or disclosed absent prior data subject consent and will only be used for purposes identified in a privacy policy or notice.

In addition, Statutory Law 1581 of 2012 regulates personal data processing, as well as databases, by defining special categories of personal data, including sensitive data and data collected from minors. The law further regulates data processing authorization and procedures and creates the National Register of Data Bases. Subject to certain exceptions, it is applicable to all data collection and processing in Colombia.

Online Communications and Website Hosting Services

France

The LCEN, as completed by the DDADUE, set out rules for the liability of Internet service providers, hosting service providers and caching providers, which include website editors, e-merchants and website hosting companies, including those conducting e-commerce. The LCEN makes direct or indirect identification compulsory for publishers of online communications services and distinguishes between editors of online communication services and website hosting service providers. Under the LCEN, editors of online communication services are required to provide certain identification information and are subject to a general obligation to monitor the information made publicly available through their websites. Editors may be held liable for the content of such information, or in certain cases, for example, "*diffamation*", may be subject to criminal sanctions.

Under sections 6 I 2 and 6 I 7 of the LCEN, website hosting service providers have neither a general obligation to monitor the information that they transmit or store, nor a general obligation to actively seek facts or circumstances indicating illegal activities. The LCEN clearly provides that website hosting service providers cannot be held civilly liable for illicit content stored, absent actual knowledge of the illicit nature of such content or of facts or circumstances evidencing illegality and if they have promptly withdrawn evident illicit content as from they have been duly notified by any entitled third party. To this end, website service providers shall maintain a passive role in regard to the stored content. In particular, verification of the content posted on the website (including comments or advertisements) shall be purely automatic and technical.

However, despite this limited liability, website hosting services remain subject to several obligations, including assistance in preventing the spread of certain offences by implementing a reporting mechanism, assistance in removing illegal content once informed of its illegality and a targeted and temporary monitoring obligation when requested by a judicial authority.

Brazil

The CDC, through Law No. 8,078/90, establishes specific rules applicable to electronic commerce in Brazil. Pursuant to this law, e-commerce retailers are required to present the following information on their websites: their names, taxpayer registration numbers, physical and electronic addresses and essential information about the products or services they offer. In addition, e-commerce providers are subject to additional requirements, such as to maintain an adequate and effective service for addressing consumer demands (including specified time limits within which such demands must be addressed), to promptly confirm receipt of the order upon the sale of products and to ensure proper channels for product returns.

French Commercial Lease Law

General

Commercial leases are regulated by Decree No. 59-960 of September 30, 1953 ("**Decree 53-960**"), codified in part in Articles L. 145-1 *et seq.* of the French Commercial Code. The aforementioned commercial leases regulation automatically applies to leases of (i) buildings or premises, (ii) when the lease is granted for commercial, industrial or handcraft activity, (iii) when the lessee is running its business (*fonds de commerce*) from the premises (irrespective of whether this business is run by a merchant or a manufacturer) and (iv) when the lessee is registered with the French trade and companies registry or with the craft directory.

Most of our stores and warehouses are leased under commercial lease agreements subject to Articles L. 145-1 *et seq.*, R. 145-1 *et seq.* of the French Commercial Code and the non-codified part of Decree 53-960, which give the lessee certain rights (particularly the right to renew a lease agreement or receive compensation should the lessor refuse to renew the lease).

Terms of Commercial Leases

Pursuant to Article L. 145-4 of the French Commercial Code, the minimum term of a commercial lease is nine years. This provision of the French Commercial Code is a matter of public policy, and therefore any contractual provision providing its exclusion is void. Parties can also provide for a longer term, but commercial leases rarely exceed twelve years because in such case, they must be drafted in the form of a notarial deed and must be registered (at some cost) with the French land registry.

The lessee has the right to terminate a commercial lease every three years, although this right can be waived by an agreement between the parties in certain limited cases (*i.e.*, if the duration of the lease agreement is longer than twelve years or if the lease concerns premises used exclusively for office purposes, premises only used for a specific activity or premises used for storage activity). The lessor may only terminate the lease at the end of each three-year period in very limited circumstances, notably if it intends to build, rebuild or raise the height of the existing premises.

At the end of the contractual term of the lease, the lessee is entitled to have the lease renewed. Pursuant to Article L. 145-8 of the French Commercial Code, the right of renewal is granted to a lessee who owns a business *provided that* the lessee has effectively carried on the same business in the leased premises during the three years preceding the expiry of the lease, and *provided that* the lessee's right has been registered with the French trade and companies registry.

If the lessor refuses to renew the lease, the lessee is entitled to receive compensation for eviction corresponding to the loss it suffers unless the lessor can show serious and legitimate cause (*un motif sérieux et légitime*) (usually the lessee's serious and repeated non-compliance with the terms of the lease agreement). This compensation must correspond to the harm suffered by the lessee due to the non-renewal of the lease agreement and includes all losses suffered and expenses incurred as a result of the loss of the premises. If the non-renewal of the lease results in the loss of clientele and thus of the lessee's business, the amount of the compensation is then assessed according to the open market value of the lessee's business or the value of the right of use.

Upon the expiration of the lease agreement, if the lessor and lessee take no action to renew or terminate the lease, the original lease is automatically extended. However, a tacitly extended lease may be terminated at any time by either the lessee or the lessor upon six months prior notice for an effective termination on the last day of a calendar quarter.

Rent and Rent Revision

The parties are free to set the initial rent, generally according to the current market value of the property. The rent may be fixed, variable or composed of a fixed portion (*e.g.*, a guaranteed minimum) and a variable portion (*e.g.*, determined by reference to a certain percentage of turnover at the leased premises). Generally, an annual rent indexation clause is provided for in the lease.

Furthermore, commercial lease regulation provides for the possibility of a judicial rent review (a public order regulation, which cannot be carved out) every three years as from the date on which the amount of the rent had been previously agreed or determined by a judge, so as to correspond to the rental value, but without exceeding the variation in the ILC (*Indice des loyers commerciaux,* or commercial rent index), in the case of leases used in commercial or artisanal activities, or the ILAT (*Indice des loyers des activités tertiaires,* or the service industries rent index), in the case of leases for other activities, published since the last rent review, unless a material change in local economic factors has modified the rental value of the leased premises by more than 10%. Moreover, if the lease provides for annual rent indexation, the rent may be subject to review by a judge if it increases or decreases by more than 25% compared to the amount previously agreed to by the parties or determined by the court, by reason of such indexation (it being specified that pursuant to article L. 145-39 of the French Commercial Code, the change in rent resulting from this judicial revision may not lead to increases in excess of 10% of the rent paid in the previous year). Either party can apply to the court to assess the reviewed rent if the parties fail to agree on it.

Rent of Renewed Leases

According to Article L. 145-33 of the French Commercial Code, the renewed rent shall, in principle, correspond to the market value determined by the court, taking into account the nature and the possible uses of the premises, the parties' obligations under the lease and commercial factors such as location, neighboring businesses, proximity to transport routes and comparable local rents.

However, pursuant to Article L. 145-34 of the French Commercial Code, the increase in rent upon renewal of the lease may be limited, depending upon the activity carried out in the rented premises and the duration of the lease. In such case, the renewed rent cannot be higher than the original rent, as adjusted according to the variation of the ILC (or, as the case may be, the ILAT) since the date on which the rent in the original lease was set. This cap will not apply if there have been significant changes to the parties' obligations or the nature, use or environment of the premises in the interim. The cap will also not apply to: (i) leases for office use only, (ii) leases of premises built for a specific single purpose (for example, those built or altered for a specialized purpose rendering them unsuitable for another use without alteration), (iii) leases of an initial term exceeding nine years, (iv) leases of an initial term of nine years but which, due to automatic extension, have an effective term exceeding a nine-year duration and (v) unless the parties have agreed otherwise, leases that provide that the rent is variable or is comprised of a fixed portion and a variable portion. Since June 20, 2014 and according to Article L. 145-34 of the French Commercial Code, the resulting variation in the rent may not lead to an increase, in any given year, of more than 10% of the rent paid over the past year.

In the absence of any agreement between the parties on the amount of the renewed rent, and except for leases providing for a variable rent, the new rent of the renewed lease will be determined by a competent court by applying Articles L. 145-33 et seq. and R. 145-2 et seq. of the French Commercial Code.

Subleases

Article L. 145-31 of the French Commercial Code states that, unless otherwise provided in the lease, any subletting, whether of the whole or parts of the premises, is prohibited.

Some of our premises are sublet to lessees through commercial subleases. The sublessee has the right to request the lessee to renew its commercial sublease, but only for the remaining duration of the principal lease.

The termination of the principal lease at the end of its term automatically triggers the termination of the sublease, without any compensation for the sublessee. The sublessee may be entitled to damages only in the case of an early termination of the principal lease.

Labor Law

Labor and employment laws and regulations have a significant impact on our operations due to our large workforce. As of December 31, 2018, we employed a total of 220,060 individuals worldwide, of which 70,420 people were employed in France, 101,230 people were employed in Brazil and 37,410 people were employed in Colombia.

France

Minimum wages and social security contributions

Under French law, the relationship between an employer and an employee is regulated by applicable legislation, the employment contract executed between both parties, as well as by the relevant national collective bargaining agreements ("**CBAs**") and local CBAs. CBAs are agreements entered into between one or several trade union organizations representing employees, on the one hand, and an employer, or group of employers, on the other hand. The French Labor Code (*Code du travail*) and CBAs constitute important sources of obligations relating to working conditions for each industry they govern and relate to the individual and collective relationships between employers and employees. All national CBAs provide for minimum wages that vary according to the classification of the employee on the applicable pay scale. However, the wage of an employee cannot be below the minimum national wage set by the French government (*salaire minimum interprofessionnel de croissance* or the "**SMIC**"), and for overtime hours, minimum wages and SMIC must be paid at an increased rate. Trade unions renegotiate the terms of the national CBAs almost every year, including the terms of any increase in the minimum wages for each specified level of employee. Annual wage negotiations also take place at the company level and the French government generally increases the SMIC every year. Companies to which such increases apply have an obligation to implement these provisions by granting at least a corresponding salary increase, failing which employees may bring legal claims for the enforcement of the relevant national CBA, back pay and damages.

We are further required to pay contributions for our employees to social security and other social insurance schemes, which cover family allowances, illness, maternity leave, incapacity, retirement and death. Pursuant to the Fillon Law, Law No. 2008-1258, dated December 3, 2008 and amended on December 29, 2014, we benefit from reductions in certain contributions in respect of wages that amount to less than 160% of the SMIC. The amount of this reduction is limited to 26% of gross salary, and it increases in inverse proportion to the amount of gross salary (*i.e.*, the reduction is lowest for a gross salary that is just under 160% of the statutory minimum wage, but highest for a gross salary that is equal to the statutory minimum wage). Pursuant to a January 2011 amendment of the Fillon Law, gross salary is calculated on a full-year basis (instead of the monthly statutory minimum wage, as it had been previously calculated) and pursuant to a January 2012 amendment of the Fillon Law, gross salary is deemed to include overtime, bonuses and supplementary working hours.

Pursuant to Article 1609 *quinvicies* of the FTC, companies that are subject to the training tax and have at least 250 employees may also be subject to the payment of a supplementary training contribution if employees or trainees benefitting from specific training contracts (*e.g.*, apprenticeship or professional training contract, volunteer for international experience program) represent less than 5% of the workforce (subject to certain exceptions). The rate of this supplementary training contribution depends in particular on the number of such employees or trainees working for the company.

For compensation not subject to social security contributions (*e.g.*, amounts paid pursuant to profit-sharing agreements), employers must pay to the French tax authorities a flat social package, computed as a percentage of the compensation paid to employees.

Working time

French working time regulations generally provide for a statutory weekly average working time of 35 hours. Overtime is paid according to an increased hourly rate, set out by national or local CBAs, or in the absence of such rate, by the French Labor Code. An employer (both the company and its management) may be prosecuted for offences of "undeclared work" (*travail dissimulé*) in connection with the failure to properly declare the time worked beyond 35 hours per week, which may result in fines, imprisonment, the loss of certain reductions in social security contributions and a prohibition on accessing public subsidies for employment, professional education and culture. As a result of undeclared work, an employer may also be liable to employees for the payment of a fixed penalty representing six months of salary, in the event of the termination of the employee's contract. In addition, non-compliance with legal provisions regarding overtime may expose the company or its legal representative to additional fines. Moreover, because any compensation paid to an employee is subject to the payment of social security contributions, social security contributions related to overtime hours may be reassessed, which may result in the payment of additional social security contributions as well as additional charges for the late payment of contributions, penalties for late declarations and fines. The French Labor Code, however, provides for a certain degree of flexibility in applying the statutory weekly average working time of 35 hours per week for certain categories of employees.

Supervisory employees who have a certain amount of discretion in determining when and how they carry out their work and for whom the working time cannot be predetermined and for whom the 35-hour weekly average may therefore not be suitable, may be subject to working time clauses providing for a fixed number of working days per year (*forfait jour annuel*) (a "per diem agreement"). Under French law, such clauses are implemented pursuant to the provisions of the applicable national CBA, local CBA or company-level collective agreement. The rules relating to minimum time off (a minimum of eleven consecutive hours per day of time off and a maximum of six days of work per week, with Sunday off as a general rule) remain applicable, however, to employees on per diem contracts. Employers must be certain, therefore, that tasks given to an employee paid on a per diem basis can be performed within the maximum work periods, minimum time-off periods and a reasonable workload, which must be monitored. If not, an employee working on a per diem basis can claim that his or her per diem employment contract is unenforceable and can assert a claim for overtime pay for the preceding three years and damages. Similarly, an employer may be subject to claims by employees for the payment of overtime corresponding to the hours worked that exceed 35 hours per week, if their per diem arrangements do not comply with applicable legal requirements.

The provisions in the French Labor Code in relation to working time do not apply to senior management *(cadres dirigeants)*. "Senior management" is understood to mean executives and managers (i) under employment contract, (ii) who participate in the management of the company with significant responsibilities, (iii) with a significant independence in the way their working time is organized, (iv) who are authorized to make decisions autonomously and (v) who receive compensation in the highest brackets of the employer's compensation schemes. These criteria are cumulative. If a manager or executive believes that such criteria have not been met, he or she may assert a claim in court for payment, in the form of overtime pay, for any work performed beyond 35 hours per week, over the past three years and damages.

Given the nature of our services, some of our employees at certain of our locations are required to work on Sundays, full day or at least in the morning. Under French law, the general rule is that Sunday should not be a work day. French law provides limited exceptions to this general rule, which may, as the case may be, permanent or temporary, be subject or not to authorization, applicable to the whole territory or to certain precisely delineated areas. The applicable provisions were last amended, in substance, by the "Macron Law" for growth, activity and equal economic opportunity (*loi du 6 août 2015 pour la croissance, l'activité et l'égalité des chances* *économiques*) that extended the possibilities of opening shops on Sundays in the international tourist areas and commercial areas defined by the national or local authorities. In such case, a specific collective agreement must be negotiated with employee representatives, setting forth, among other things, the specific compensation granted to employees who work on Sundays. A specific authorization from the office of the Prefect is no longer required. French employees may work on Sundays only on a voluntary basis. We have negotiated collective agreements related to work on Sundays.

Fixed-term employment contracts and temporary work

Under French law, an employer wishing to hire non-permanent workers may either (i) hire an employee under a fixed-term employment contract or (ii) engage temporary workers through an agency. French law only allows employers to use fixed-term employment contracts to perform specifically defined and temporary tasks in specific circumstances provided by law (such as to replace an employee on a temporary leave of absence or whose employment contract is suspended, to temporarily fill a position before an employee can be hired under a permanent employment contract or, after a permanent employee has left and before the position is eliminated, or for a temporary increase in the company's business). Fixed-term employment contracts may also be put in place for seasonal jobs, which are subject to seasonal variations of activity. To be qualified as "seasonal," variations in a business activity must be regular, predictable, cyclical and, in any case, independent from employers and employees. The Group puts in place numerous seasonal, fixed-term employment contracts, particularly to prepare for the holiday selling season.

Fixed-term and temporary contracts are strictly regulated. A written contract is mandatory and a fixed-term contract must include certain provisions (such as the grounds for resorting to such a fixed- term contract) and be limited by time (*i.e.*, a maximum of 18 months, reduced to 9 months or extended to 24 months in certain cases). Termination and renewal of such contracts are also subject to mandatory statutory conditions. If the employer does not comply with the mandatory provisions in respect of fixed-term employment contracts, employees may seek to recharacterize fixed-term contracts as indefinite term employment contracts, in which case the employer may be obligated to make certain additional payments (such as back pay) to employees, provide various indemnities, including in respect of unserved notice periods, make severance payments and pay damages for unfair dismissal. Non-compliance may result in fines and even, in the event of a repeated infringement, imprisonment.

El Khomri Law

The "El Khomri Law" concerning work, modernizing employee dialog and safeguarding professional careers (*loi n°2016-1099 du 8 août 2016 relative au travail, à la modernisation du dialogue social et à la sécurisation des parcours professionnels*), which impacts the Group, contains various employer-friendly measures and has been voted by the French Parliament in 2016.

It provides that, among others:

- In terms of working hours, local CBAs will prevail over national CBAs (with legal exceptions);
- Since December 2016, the assessment of economic difficulties is based on legal criteria (significant alteration of at least one economic indicator such as a decline in orders or in turnover, operating losses, a deterioration of cash flow or EBITDA). The law quantifies the duration of the decline in orders or sales which the employer will have to report to justify dismissal; and
- The rules on validity and revision of collective agreements are modified. To be valid, local CBAs have to be signed by one or more trade unions who received more than 50% of votes cast, in the last professional elections (instead of the previous 30%).

Gender equality

The French Labor Code provides for the obligation for companies with a union section (*section syndicale*) to negotiate on a periodic basis about gender equality. Since March 1, 2019, for companies with at least 1,000 employees, and since September 1, 2019, for companies with over 250 employees, and as from March 1, 2020, for companies with at least 50 employees, shall also implement a 100-point index based on five criteria as follows: (i) gap in remuneration, (ii) gap in individual increases, (iii) gap in the career progression between men and women, (iv) percentage of employees whose remuneration has been increased at the end of their maternity leave and (v) number of persons whose gender is underrepresented within the 10 highest remunerations of the company. The distribution of the points between these categories is provided by the French Labor Code. If the company obtains less than 75 points after the application of the criteria, it shall adopt corrective measures to reach at least 75 points. The company shall publish the results of its index on its website. A company that does not publish such results or reach the threshold of 75 points, may be liable for the payment of a fine, which could amount up to 1% of the wage bill.

Employee representative bodies

Pursuant to the French Labor Code, companies which headcount reached at least 11 employees during the 12 consecutive previous months shall set up a social and economic committee, which is the new combined employee representative body created by the September 22, 2017 ordinances (*ordonnances Macron*), that replaces the staff delegates (*délégués du personnel*), works council (*comité d'entreprise*) and health and safety committee (*comité d'hygiène, de sécurité et des conditions de travail*). On January 1, 2020 at the latest, all the concerned companies shall have set up a social and economic committee. In companies with at least 50 employees, the committee will have the same powers as the works council, the health and safety committee and the staff delegates.

Until December 31, 2019 at the latest or earlier if the social and economic committee has been set up before that deadline following the regular organization of professional elections according to the election calendar, the employee representative bodies currently implemented (*i.e.*, works council, health and safety committee and staff delegates) remain in force and keep their respective roles.

Trade unions and negotiation of local CBAs

A trade union delegate (*délégué syndical*) or a representative of a trade union section (*représentant de la section syndicale*) can be appointed within any company with a workforce of at least 50 employees (by exception, a staff delegate or a member of the social and economic committee can be appointed as a union delegate).

There are currently five trade unions that are recognized by the French government as being representative of workers at a national level and, as such, are eligible to negotiate national collective bargaining agreements: *Force ouvrière (FO), Confédération générale du travail (CGT), Confédération française de l'encadrement – Confédération générale des cadres (CFE-CGC), Confédération française démocratique du travail (CFDT) and Confédération française des travailleurs chrétiens (CFTC)*. Representative trade unions may negotiate company and group-wide collective agreements.

Since May 1, 2018, local CBAs must be approved by trade unions representing more than 50% of the votes cast during the last works council elections (as compared to 30% previously). Pursuant to the September 22, 2017 ordinance n°2017-1385, local CBAs can provide for less favorable provisions than those provided by national CBAs, except for certain specific matters (such as employee job classification, minimum wage and benefits, and fixed-term employment agreements).

Labor market reform in general continues to be a key policy measure on the French government's political agenda, and changes in any of the above-mentioned laws or regulations or the coming into force of any new laws or regulations could substantially increase our operating costs or restrict our operational flexibility and therefore have a material adverse effect on our business, results of operations and financial condition. Similarly, we rely on our ability to negotiate or maintain in force certain collective agreements which provide us with the necessary flexibility in particular for working-time and Sunday work. Changes in, or the termination of, collective agreements may also substantially increase our operating costs or restrict our operational flexibility and therefore have a material adverse effect on our business, results of operations and financial condition.

Pacte law

The "Pacte law" action plan for the growth and transformation of companies (*Loi n° 2019-486 du 22 mai 2019 relative à la croissance et la transformation des entreprises*) includes changes in labor law, in particular:

- The simplification of social thresholds as from January 1, 2020: the law introduced (i) a unified mechanism for counting the number of employees, with the social security workforce becoming the reference (*i.e.* the average number of employees during each month of the previous calendar year), (ii) a rationalization of the levels of workforce thresholds by giving priority to the 11, 50 and 250 employee thresholds, (iii) a mechanism for smoothing the threshold effect following the crossing: the upward crossing of an employee threshold will only be taken into account when this threshold has been reached or exceeded for 5 consecutive calendar years, conversely, the downward crossing of an employee threshold will be taken into account when the downward threshold has been reached for a full calendar year.

- Rules governing the allocation of profit-sharing reserves will change as from January 1, 2020:

- The remuneration taken into account to calculate the mandatory profit-sharing to be paid will be limited to three times the annual social security contribution ceiling, rather than four times previously.
- Regarding voluntary profit-sharing, the maximum amount that may be paid to a single beneficiary for a given year has increased from 50% to 75% of the annual social security contribution ceiling.

- The presence of employees on the board of directors or supervisory boards, of companies or groups of companies with more than 1,000 employees in France or 5,000 employees in France and abroad has been strengthened with the appointment of at least two directors representing employees in companies whose number of directors is greater than eight (instead of twelve) and at least one of it is less than or equal to eight (instead of twelve). The text also reinforces the respect of gender parity rules on the board of directors.

Social Security Financing Act for 2019

To encourage the development of profit-sharing schemes, particularly in small and medium size companies, the 2019 Social Security Financing Act has abolished the employer's flat contribution of 20% ("***forfait social***") since January 1, 2019, as follows:

- On voluntary profit-sharing, for companies with less than 250 employees;
- On mandatory profit-sharing, for companies with less than 50 employees.

Brazil

Employment relationships in Brazil are regulated primarily by the Brazilian Constitution, as updated by the labor reform, and the Consolidation of Labor Laws ("**CLT**") through Decree No. 5,452 of May 1, 1943.

Collective bargaining agreements

In Brazil, collective bargaining agreements relating to employment relationships prevail over individual contractual agreements so long as the terms of the collective bargaining are more beneficial to the employee than their employment contract. Nevertheless, the CLT provides for an exception wherein contractual terms of an individual employment agreement will supersede collective bargained conditions where the employee has individually negotiated their employment agreement and is a college graduate earning a threshold salary.

Minimum wages and social security contributions

The Brazilian federal government adjusts the national minimum wage annually, however each Brazilian state may establish their own minimum wage, so long as such wage is above the national wage.

Both Brazilian employers and employees pay social security contributions. Individuals who receive compensation from a Brazilian employer are subject to the local social security tax, which is withheld by the employer or other source of income, as applicable. Individual social security contribution rates range from 8% to 11%, depending on individual salaries. Employers' social security contributions generally range from 26.8% to 28.8%, calculated on the basis of each employee's monthly salary. There is no cap on employers' social security contributions.

Working time

Brazilian working time regulations generally provide for a statutory weekly average working time of 44 hours over a six-day period, with a cap of 10 hours per day. Employees who work in excess of this time period are required to receive a minimum additional 50% of their regular pay, which increases to 100% if work is performed on Sundays or holidays. This excess pay rate, as well as the limits to daily and weekly working hours, can be changed under collective labor agreements.

Fixed-term employment contracts and temporary work

Brazilian law allows for temporary employment on the following conditions: the existence of a written contract (subject to specific requirements related to the duration of employment), an employer's justification for their temporary need and an advance agreement as to salary. A company that wishes to extend the contract must make a formal request in advance to the Ministry of Labor, subject to the limitation that a temporary contract may not exceed six months.

Generally, temporary contracts may only be used to render services to meet a specific demand for a specified time (such as seasonal holiday hires), for transitory company activities (as defined under Decree No. 10,060 of October 14, 2019) or as a probationary period for new hires during which time an employer can evaluate a new employee.

Gender equality

The Brazilian constitution and the CLT provide for the protection of all employees, including as to matters relating to women's participation in the labor market and their workplace rights.

Employee representative bodies

Under Brazilian law, all employers and employees are represented by a labor union. A labor union's classification (*categoria syndical*) depends on the (i) industry and (ii) location in which the employers and employees operate (*e.g.*, a single city, multiple cities, a single state or multiple states).

Each class of employers and class of employees is represented by one labor union in a given industry and geographic territory. All labor unions are required by law to have a collective bargaining agreement which must cover all participants of their applicable union class.

Trade unions and negotiation of local collective bargaining agreements

Collective bargaining agreements in Brazil have the same status as the CLT and, consequently, employers must comply with all of their provisions. Failure by employers to comply with the collective bargaining agreement to which they are subject could subject them to contractual and administrative fines.

Colombia

Minimum wages and social security contributions

Labor and employment law in Colombia is regulated by the (i) Substantive Labor Code, establishing the laws applicable to employment agreements, wages and hours, collective bargaining agreements, vacation and sick leave and employment benefits and (ii) regulations and decisions issued by the Ministry of Labor and labor courts, among other regulatory bodies. The current monthly minimum wage in Colombia is 828.116 pesos.

Working time

Colombian working time regulations generally provide for a statutory weekly average working time of 48 hours per week, not to exceed ten hours per day, for a maximum of six days per week. Employees may only work in excess of these limits upon the authorization from the Colombian Ministry of Labor. Employers are required to compensate employees at a rate of 35% higher than the employee's regular rate of pay if they work over a threshold amount of hours during the day. This excess pay increases to 75% higher than the employee's regular rate of pay if they work over a threshold amount of hours during the night. Employers are required to provide a minimum of 15 holidays per year, with Sundays and national holidays constituting mandatory rest periods. Employers are required to compensate employees at a rate of 75% higher than their regular rate of salary if they are required to work on a Sunday or holiday, in addition to ensuring that they have the right to an additional rest day.

Fixed-term employment contracts and temporary work

Fixed term agreements in Colombia are subject to restrictions in connection with their duration. For example, fixed term agreements may not exceed a period of three years. To the extent such agreements provide a term of employment of less than one year, they can only be renewed for three equal or lesser terms.

Gender equality

Colombia's gender equality is rooted in its constitution, which recognizes women's equality and outlaws gender-based discrimination. Employers are prohibited from any discriminatory action against their employees.

Employee representative bodies

Trade unions in Colombia are particularly prevalent in certain industry sectors, including the sugar, railway, automotive, oil and mining sectors, as well as the public sector. A minimum of twenty-five workers is required to establish a trade union in Colombia.

Miscellaneous Regulatory Matters

In addition to the foregoing regulations, in the ordinary course of our business, our operations and properties are subject to national, regional and local laws and regulations of general applicability, such as laws on advertising, regulations governing our relations with our suppliers and distributors, environmental, health and safety regulations, including in connection with our gas and fuel service stations and regulations on energy use in connection with our GreenYellow operations, among others.

MANAGEMENT

The following is a summary of certain information concerning the Issuer's management, certain provisions of the Issuer's by-laws and French law regarding corporate governance. This summary is qualified in its entirety by reference to the by-laws of the Issuer and French law, and it does not purport to be complete.

The Issuer

The Issuer is a publicly listed *société anonyme* whose shares are traded on Euronext Paris. The Issuer was incorporated as a *société anonyme* under the laws of France on October 20, 1920. Its term, which was extended by extraordinary resolution of the shareholders at the general meeting of October 31, 1941, will expire on July 31, 2040 unless the Issuer is wound up before such date or its term is further extended. The Issuer is registered in France under sole identification number 554 501 171 R.C.S. Saint-Étienne. The Issuer's registered office is located at 1, cours Antoine Guichard, 42000 Saint-Étienne, France.

The Issuer's issued share capital of €165,892,132 as of June 30, 2020 amounts to 108,426,230 ordinary shares with a par value of €1.53 each, fully paid-up. As described in Article 3 of the Issuer's by-laws, its corporate purpose is to:

- directly or indirectly create and exploit all types of retail stores selling any types of items or products including, but not limited to, food products;
- offer all types of services to said retail stores' customers and manufacture any and all goods that may be useful to their exploitation;
- sell wholesale all types of goods, either on its own behalf or on behalf of third parties including, in particular, as a commission-based service, and offer all types of services to these third parties; and
- generally, carry out any and all types of commercial, industrial, real estate, movable property and financial transactions related to this purpose or that could potentially facilitate the successful fulfillment of its purpose.

The Issuer can, in France and abroad, create, acquire, exploit or commission the exploitation of any trademark, trade name, or service mark, and any industrial design rights, patents or manufacturing processes related to the above-mentioned purpose. It can invest in or acquire any interests in any French or foreign businesses or companies, regardless of their purpose. It can take action in any country, either directly or indirectly, alone or as an association, partnership, group, or company created with any other persons or companies, and complete, in any form whatsoever, the transactions related to its purpose.

The by-laws of the Issuer as currently in force were last updated on June 17, 2020. The Issuer's fiscal year begins on January 1 and ends on December 31 of each year.

Governance

The Issuer is managed by a board of directors (*conseil d'administration*) (the "**Board of Directors**") led by a chairman (*président*). The Board of Directors, within the limits prescribed by French law, has the power to delegate its general authority to a chief executive officer (*directeur général*) or certain managing directors (*directeurs généraux délégués*), which can be natural or legal persons. At the Issuer, the functions of chairman of the Board of Directors and of chief executive officer have been combined and Jean-Charles Naouri, the Chairman and Chief Executive Officer of the Issuer, as well as its controlling shareholder, is the only director who performs executive duties. The Chairman and Chief Executive Officer has broad managerial powers save for such functions and powers reserved by law or the Issuer's by-laws (*statuts*) to the Board of Directors or its shareholders.

The Issuer's corporate governance practices are listed in the Board of Directors' internal rules and principally include the following:

- specialized committees, including the Audit Committee, the Appointments and Compensation Committee and the Governance and Social Responsibility Committee (whose social responsibility duties were extended at the end of 2017), led by independent Directors to support the Board of Directors' functions;
- compliance with the Afep-Medef Code concerning the proportion of independent Directors on the Board of Directors and on each of the committees;

- evaluation of significant and strategic transactions, as well as any specific issues which may arise in the Issuer's business operations, through either the Audit Committee or the creation of *ad hoc* committees of independent Directors who may seek advice from independent experts;
- annual meetings among the independent Directors of the Board of Directors, chaired by the Lead Director, to review and provide recommendations to optimize the Board of Directors' functioning, as well as to monitor the implementation of previous recommendations;
- the independent Lead Director's work in preventing and managing conflicts of interest and her role vis a vis the other independent Directors;
- implementation of strict procedures to manage conflicts of interest, including the Governance and Social Responsibility Committee examination of any exceptional issue that could give rise to a conflict of interest, the Audit Committee's practice since 2015 to review agreements between related parties and related-party agreements and the Committees' ability to obtain related independent expert advice concerning these matters; and
- periodic review and modification of the Board of Directors' internal rules and each of the Committees' charters.

In addition to the foregoing general governance practices, on June 13, 2019, the Board of Directors decided to follow the Governance and Social Responsibility Committee's recommendation to establish a specific governance framework in response to the initiation of safeguard proceedings by the Issuer's parent companies. The Board of Directors agreed to give the Governance and Social Responsibility Committee, chaired by the Lead Director, the authority and responsibility to address issues related to the safeguard proceedings, including:

- the exchange of information between Rallye and the Issuer's other parent companies concerning the preparation, negotiation and implementation of their safeguard plans,
- the assessment of the consistency between, on the one hand, the Issuer's business guidelines as determined by the Issuer's Board and, on the other hand, the safeguard plans drawn up by the holding companies, and
- the review of any decisions of the Issuer's Board of Directors related to the implementation of the safeguard plans or any decisions that could potentially be affected by the Issuer's parent companies' safeguard proceedings, such as the Board of Directors' potential decisions to implement or adjust the Asset Disposal Plan, pay a dividend or enter into any related party transactions with any of the Group companies involved in the safeguard proceedings.

This oversight framework is designed to ensure that the Issuer's governance mechanisms are appropriately tailored to address the recent developments of the Issuer's parent companies and that the Board of Directors is in a position to continue to provide full and accurate information, make impartial and objective decisions in the Issuer's best interests and identify and manage any Directors' potential conflicts of interest.

Finally, further to changes in the legal provisions governing related-party agreements pursuant to the Pacte Law dated May 22, 2019 (Article L. 225-39, paragraph 2 of the French Commercial Code), at its meeting of December 12, 2019, the Board of Directors, on the unanimous recommendation of the Governance and Social Responsibility Committee, tasked the Audit Committee with regularly reviewing the "arm's length" agreements entered into by the Issuer, and also approved, on the Audit Committee's recommendation, the terms of the dedicated charter on identifying and reviewing arm's length agreements. This charter sets out the methodology to be used to classify agreements into arm's length and related-party agreements referred to in Article L. 225.38 of the French Commercial Code.

Powers of the Board of Directors and Restrictions on the Powers of the Chief Executive Officer

Article L. 225-56 of the French Commercial Code gives the chief executive officer unlimited powers to act on the company's behalf in all circumstances. The chief executive officer exercises his powers within the scope of the company's corporate purposes and subject to those powers specifically vested by law in the shareholders at shareholders' meetings or in the Board of Directors. The chief executive officer represents the company in its dealings with third parties.

Consistent with the Group's principles of corporate governance, certain management transactions meeting a pre-determined threshold are submitted to the Board of Directors for prior approval based on the type of transaction and/or the amounts involved. The applicable thresholds ensure that the Board of Directors will review the Issuer's most important transactions, in accordance with law and the principles of good corporate governance.

Specifically, the Chief Executive Officer is required to obtain the Board of Directors' prior authorization for the following:

- any transaction that could potentially affect the Issuer's and/or any of its controlled subsidiaries' strategy, financial structure or scope of business, particularly transactions that could significantly impact the Issuer's future development, such as entering into or terminating industrial and commercial agreements; and
- any transaction that exceeds €500 million and, in particular, any subscription for or purchase of securities, any immediate or deferred investment in any company or business venture, any contribution or exchange of assets, with or without additional compensation, concerning goods, rights or securities, any acquisition of real property or real property rights, any purchase or sale of receivables, acquisitions or divestments of goodwill or other intangible assets, any issue of securities by directly or indirectly controlled companies, the granting or obtaining loans, borrowings, credit facilities or short-term advances, any settlement of or compromises to settle legal disputes, any disposal of real property or real property rights, any full or partial divestments of equity interests, or the granting of any lien, security interest, surety, or guarantee.

As an exception to the above rules, however, the Chief Executive Officer may, on an exceptional basis and upon obtaining the binding opinion of the Audit Committee as to whether the terms of a transaction fairly balance the interests of both parties, perform any transaction not exceeding 15% of consolidated equity as measured at the previous fiscal year-end. The Chief Executive Officer must report on any such transaction at the Board of Directors' meeting.

These provisions apply to transactions entered into both directly by the Issuer and by any of the Issuer's directly or indirectly controlled subsidiaries, except for intragroup transactions. In addition, every year the Chief Executive Officer is also given the authority to issue and enter into all types of guarantees and to carry out financing transactions. These authorizations are renewed annually upon the recommendation of the Governance and Social Responsibility Committee and were most recently renewed in December 2019 for the year 2020.

Pursuant to this authority, the Chief Executive Officer may do the following:

- issue security interests, collateral or guarantees to third parties in the Issuer's name on behalf of third parties for up to €1.5 billion per year and €500 million per commitment;
- negotiate, accept and/or roll over, extend or renew loans, confirmed credit lines and syndicated or non-syndicated financing facilities for up to €3.5 billion per year and €500 million per transaction;
- negotiate, accept, roll over, extend or renew cash advances for up to €1 billion in light of the seasonality of the business;
- issue bonds or other debt securities (other than commercial paper) under the EMTN Program or otherwise for up to €3.5 billion, decide the terms and conditions of any such issues and carry out all related market transactions;
- issue commercial paper for a maximum of €2 billion; and
- buy back and redeem outstanding debt securities in an annual nominal amount of €1 billion.

In addition to these specific annual authorizations, the Chief Executive Officer may act in the Issuer's name to guarantee all commitments given by Casino Finance on behalf of third parties in connection with:

- the issuance of bonds, including those under Casino Finance's EMTN program, commercial paper and/or other debt securities, and the execution of loan agreements for all borrowings, confirmed lines of credit, financing facilities and short term advance facility agreements within the same annual limits and limits per transaction defined above for the annual authorizations; and
- foreign currency transactions and derivative transactions covered by an ISDA master agreement or a Fédération Bancaire Française agreement signed by Casino Finance, for an amount up to €100 million per bank and €1.2 billion in total.

Board of Directors and Executive Committee

The Board of Directors seats thirteen voting members appointed during the Issuer's Annual General Meetings, and two non-voting members. Directors are elected for a three-year term, and board memberships are renewed in part each year. The Issuer's by-laws impose an age limit according to which no more than one-third of the directors may be over 70 years of age.

Set forth below are the names and ages of each of the voting members of the Board of Directors, as well as the year of their appointment and their respective position.

Name	Age	Year of appointment	Term expires	Position
Jean-Charles Naouri	71	2003	2022	Chairman and Chief Executive Officer
Nathalie Andrieux*	55	2015	2021	Director
Josseline de Clausade	66	2020	2023	Director, as representative of Saris
Jacques Dumas	68	2015	2023	Director, as representative of Euris
Christiane Féral-Schuhl*	63	2017	2023	Director
Laure Hauseux*	58	2018	2021	Director
Didier Lévêque	58	2008	2022	Director, as representative of Finatis
Catherine Lucet*	61	2011	2021	Lead Director
Odile Muracciole	60	2020	2023	Director, as representative of Matignon Diderot
Thomas Piquemal	51	2020	2023	Director, as representative of Fimalac
David de Rothschild	78	2003	2023	Director
Frédéric Saint-Geours	70	2006	2023	Director
Michel Savart	58	2011	2023	Director, as representative of Foncière Euris

* Denotes directors who qualify as independent as per Afep-Medef Corporate Governance Code

Chairman and Chief Executive Officer

The Issuer's Chairman and Chief Executive Officer is Jean-Charles Naouri. Jean-Charles Naouri is the only director who performs executive duties at the Issuer level.

Jean-Charles Naouri is a graduate of *École normale supérieure* (majoring in Science), Harvard University and *École nationale d'administration*. An *Inspecteur général des finances*, Jean-Charles Naouri began his career at the French Treasury. He was appointed Chief of Staff for the Minister of Social Affairs and National Solidarity in 1982, then Chief of Staff for the Minister of the Economy, Finance and Budget in 1984. In 1987, he founded Euris, which became the controlling shareholder of Rallye in 1991 and then of the Issuer in 1998. Jean-Charles Naouri has been Chairman and Chief Executive Officer of the Issuer since March 2005. Over the last five years, Jean-Charles Naouri has served as Chairman and Chief Executive Officer of Casino Finance, Chairman and Member of the Board of Directors of Cnova N.V., Chairman and Member of the Board of Directors of Wilkes, Member of the Supervisory Board of Monoprix S.A. and Chairman of *Promotion des Talents*, a non-profit organization. As of October 3, 2019, Jean-Charles Naouri serves as Chairman of Euris, Chairman of the Board of Directors and Director of Rallye, Chairman of Fondation Euris, Chairman and Member of the Board of Directors of CBD, Vice Chairman and Director of Fondation d'Entreprise Casino, Shareholder of SCI Penthièvre Neuilly, Director and Member of the Selection, Appointments and Compensation Committee of Fimalac, Honorary Chairman and Director of *Institut École normale supérieure*.

Lead Director

The role of Lead Director was created on May 11, 2012 in accordance with the Chairman and Chief Executive Officer's request that the senior management's powers be restricted and that an independent Lead Director be chosen to ensure, in particular, that the combined duties of Chairman and Chief Executive Officer comply with governance principles. In accordance with Article 13 of the Board of Directors' internal rules, the Lead Director is to be elected by the Board of Directors from among the independent Members of the Governance and Social Responsibility Committee on the non-binding proposal of the Chairman and Chief Executive Officer following a review by the Appointments and Compensation Committee. The Lead Director ensures that the Issuer's governance structure is balanced and that combining the roles of chairman and chief executive officer does not have an adverse impact on the Board of Directors' functions in terms of the information Directors are provided, the content of their discussions or the decisions the Board reaches. The Lead Director also plays an essential role in preventing and managing conflicts of interest.

The current Lead Director of the Board of Directors is Catherine Lucet.

Catherine Lucet is a graduate of *École polytechnique* (1979) and *École des mines de Paris* (1984) and holds an MBA from INSEAD (1987). She began her career as an analyst at the Analysis and Forecasting Centre of the French Ministry of Foreign Affairs. She joined McKinsey in 1986 as a consultant, and was then appointed project manager. In 1991, she was appointed Chief Executive Officer of Éditions Harlequin, a subsidiary of Éditions Hachette and of Canadian publisher Torstar. In 1996, she joined the Anglo-Dutch group Reed Elsevier where she headed their French scientific and medical publishing subsidiary until 2001, when she left to join the Vivendi Group as Chief Executive Officer of Éditions Nathan. Catherine Lucet is now a Member of the Executive Committee of Editis, Chief Executive Officer of its Education and Reference division which includes Éditions Nathan, Bordas, Clé, Retz, the Le Robert dictionaries, and Daesign, a serious games publisher, and Chair of Éditions Nathan and Daesign. Over the last five years, Catherine Lucet served, *inter alios*, as Chair and Executive Officer of Paraschool and S.e.j.e.r., Chair of Dokeo TV and Director of the Cap Digital Competitiveness Division. As of September 24, 2019 Catherine Lucet serves as Chair of S.e.j.e.r and Daesign, Chair and Chief Executive Officer of Librairie Fernand Nathan and Member of the Supervisory Board of Brill (Netherlands).

Ms. Lucet is also Chair of the Issuer's Governance and Social Responsibility Committee and may submit to the Committee any issues that arise during the performance of her duties as Lead Director. She may attend meetings of other committees of which she is not a Member and is entitled to access to all of their work and the information that is made available to them. In addition, she chairs meetings of independent Directors, which provide Directors an opportunity to discuss any subjects participants may suggest and to conduct an annual review of the functioning of the Board of Directors. Ms. Lucet is also a Member of the Issuer's Audit Committee.

Director Biographies

The following paragraphs set forth biographical information regarding each Member of the Board of Directors other than Mr. Naouri and Ms. Lucet.

Nathalie Andrieux is a graduate of *École supérieure d'informatique* (Sup'Info) and ESCP Europe. She joined La Poste Group (French Postal Service) in 1997, was appointed Chief Executive Officer of Média Poste in 2004 and Chair of the Board 2009. She became Chair of the Board of La Poste Numérique in 2012, a position she held until March 2015. Previously, she held various positions in the Banque Populaire group, Casden (1993-1997) and Bred (1990-1993). Over the last five years, she has served as non-executive Member of the Strategy Committee of Groupe Open, Chair of Mediapost Holding, Director of Docapost, Maileva and Mix Commerce, Member of the Strategy Committee of Cabestan, Matching, Mediapost, Media Prisme, Mediapost Publicité and SMP, Member of the Investment Committee of Xange Capital 2, Member of the Supervisory Board of La Banque Postale and Xange Private Equity, Member of the Strategy Committee of La Banque Postale and Idenum, Member of the National Digital Committee (*Conseil National du Numérique*), Member of the Scientific Board of Institut Mines Telecom and Chair of the Board of Directors of ENSCI-Les Ateliers. Since April 2, 2018, she has served as Chief Executive Officer of Geolid, a communication and digital referencing company, and since May 16, 2019 has been Chairman and Chief Executive Officer of Geolid. As of September 24, 2019, she is also a Member of the Supervisory Board and Member of the Audit Committee of Lagardère and Director and Member of the Strategy Committee of GFI Informatique.

Nathalie Andrieux is Chair of the Issuer's Appointments and Compensation Committee and a Member of its Governance and Social Responsibility Committee.

Josseline de Clausade is a graduate of *École nationale d'administration* and *Institut d'études politiques de Paris*. She is a Member of the *Conseil d'État*, France's highest administrative body, where she has held positions including *Rapporteur public* (1986-1990) and *Rapporteur général* (2005-2007). She has been a diplomat at the Permanent Representation of France to the European Union (1993-1996), cabinet advisor for the French Minister of Foreign Affairs Hubert Védrine (1997-2000), and consulate general of France in Los Angeles (2000-2002). She has also been a *rapporteur* for the Commission to promote growth in France (2007-2008) and Compliance Director at the Areva group (2008-2011), responsible for audit, internal control and governance. She is a Member of the France-Colombia Strategy Council set up by the presidents of those two countries in 2015. Since 2012, she has served as advisor to the Chairman and Chief Executive Officer of the Issuer. Over the last five years, Josseline de Clausade has served as Member of the Board of Directors of Fondation Éxito, Member of the Board of Directors and of the Sustainable Development Committee of the Éxito group, Member of the Board of Directors of BigC Vietnam and Member of the Board of Directors of BigC Thailand.

Jacques Dumas holds a Master's Degree in Law and is a graduate of the *Institut d'études politiques de Lyon*. He began his career in the Legal department of Compagnie Française de l'Afrique Occidentale (CFAO) before becoming Administrative Director (1978-1986). He left CFAO to take up a position as Deputy Company Secretary of Rallye Group (1987) and subsequently moved to the Euris Group as Legal Affairs Director (1994). He is currently Deputy Chief Executive Officer of Euris and Advisor to the Chairman and Chief Executive Officer of the Issuer. Over the last five years, Jacques Dumas has served as Chairman of GreenYellow, Vice President and Member of the Supervisory Board of Monoprix S.A., permanent representative of Cobivia on the Board of

Directors of the Issuer, permanent representative of DCF on the Board of Directors of Distribution Franprix, permanent representative of Messidor SNC on the Board of Directors of Cdiscount, Member of the Audit, Risk and Sustainable Development Committee of Mercialys and Member of the Appointments and Compensation Committee of Rallye. As of October 3, 2019, Jacques Dumas serves as Director of Rallye, permanent representative of Euris on the Board of Directors of Finatis and Member of its Audit Committee, Director and Member of the Appointments and Compensation Committee of Mercialys and Member of the Supervisory Board of Monoprix S.A. and Legal Manager of Cognac-Parmentier and Longchamp-Thiers.

Christiane Féral-Schuhl is a Member of the Paris Bar (since 1981) and the Quebec Bar (since 2016) and holds a degree from *Université de Paris II* (*maîtrise en Droit des affaires* – Masters in Business Law). She joined the international law firm Serrero, Giroux & Buhagiar before moving to Huglo-Lepage. In 1988, with Bruno Grégoire Sainte-Marie, she founded FG Associés, a firm specializing in the law relating to new technologies. In 1998, they and their team joined Salans, Hertzfeld, Heilbronn (which became SALANS) to form the IT department (Informatics, Technologies and Communication) of the international firm's Paris office. In 2006, they decided to create, with their team, a specialized firm, FÉRAL-SCHUHL/SAINTE-MARIE, ranked for more than ten consecutive years as a "go-to firm" and "leading firm" in professional reference guides and rated several times as "IT Law Firm of the Year in France". Christiane Féral-Schuhl holds specialization certificates in the law relating to new technologies, computers/information systems and communication and in intellectual property law. Her particular areas of practice are IT, internet, data protection, media and telecommunications law. She also acts as mediator, arbitrator and cyber-arbitrator.

Christiane Féral-Schuhl served as President of the 25,000-strong Paris Bar in 2012 and 2013, the second woman to be elected to that office in the history of the Paris Bar. She was a Member of the *Haut Conseil à l'égalité entre les femmes et les hommes* (HCEfh) (High Commission for Gender Equality) (2013-2015), Co-Chair of the *Commission parlementaire de réflexion et de propositions ad hoc sur le droit et les libertés à l'âge du numérique* (ad hoc Parliamentary Commission to Develop Proposals on Law and Privacy in the Digital Age) (2014-2015) and Member of the *Conseil supérieur des tribunaux administratifs et des cours d'appel administratives* (CSTA CAA) (Superior Council of Administrative Courts and Administrative Courts of Appeal) (2016-2017). As of September 24, 2019 she serves as President of the Conseil National des Barreaux (CNB – French National Bar Council), elected to serve from 2018 until 2020 and is also a Member of the *Comité de Direction* of the CARPA (*Caisse des Règlements Péciniaires des Avocats*).

Author of *Cyberdroit: le droit à l'épreuve de l'Internet* (*Dalloz Praxis* – 7th edition, 2018) (Cyberlaw: the Challenge to Law Represented by the Internet), a reference work in all areas dealing with digital technology and the digital economy. She has also published numerous articles in the specialist press and taken part in numerous discussions and conferences on issues relating to new technologies. She has received many professional distinctions and in 2016, 2017 and 2018 was cited by The Best Lawyers® as "Lawyer of the Year" in *Nouvelles Technologies for Paris*.

Christiane Féral-Schuhl is a Member of the Issuer's Governance and Social Responsibility Committee.

Laure Hauseux holds a degree from the Franco-German Chamber of Commerce, an MBA from ESCP Europe, a post-graduate degree in Management Control from *Université Paris Dauphine* and an Executive MBA from INSEAD. Ms. Hauseux began her career as Financial Controller, then CFO with Control Data France, then joined Gérard Pasquier in 1995 as CFO. Beginning in 1997, she successively held the positions of Group Financial Controller, then Store Manager with FNAC. She then became CFO of Printemps and, in 2007, Deputy CEO of Conforama Italy, then Vice President Finance and Information Systems and Services with Inergy Automotive Systems. From 2010 to 2012, Laure Hauseux continued her career with Virgin Stores as Deputy General Manager, then, in 2014, became CEO of GAC Group, an international audit and consulting firm, a position she held until June 2017. Over the last five years, she has served as Member of the Management Board and Chair of the Audit Committee of PHM France Topco 19 and PHM France Holdco 19, Director of Grande Armée Conseil España (Spain) and Eidostech Consultores (Spain), Legal Manager of GA Conseil and Grande Armée Conseil, Managing Director of GAC and Member of the Supervisory Board, Member and Chair of the Audit Committee of Zodiac Aerospace. As of September 24, 2019, she serves as Member of the Supervisory Board and Member of the Audit Committee of ECG Holding S.A.S., Member of the Management Board and Chair of the Audit Committee of Obol France 1, Legal Manager of SCI Le Nid.

Laure Hauseux is a Member of the Issuer's Audit Committee and a Member of its Appointments and Compensation Committee.

Didier Lévêque is a graduate of *École des hautes études commerciales*. From 1985 to 1989, he was a Research Lead for the Finance department of Roussel-Uclaf. He joined the Euris Group in 1989 as deputy Corporate Secretary. In 2008, he was appointed Corporate Secretary. Over the last five years, he served as Chairman of the Board of Directors of Cnova N.V., Chairman and Chief Executive Officer of Parande Brooklyn

Corp., Vice-Chairman and non-executive Director of the Board of Directors of Cnova N.V., permanent representative of Foncière Euris on the Board of Directors of the Issuer, Legal Manager of EMC Avenir 2 and Member of the Supervisory Board of Centrum Leto (Luxembourg). As of October 3, 2019, Didier Lévêque serves as Chairman and Chief Executive Officer and Director of Carpinienne de Participations, Member of the Board of Directors of Wansquare, Chairman and Chief Executive Officer of Euris North America Corporation, Euristates Inc. and Euris Real Estate Corporation, Director of Euris Limited, permanent representative of Finatis as Director of Foncière Euris, Member and Treasurer of Fondation Euris, Member of the Audit Committee and of the Appointments and Compensation Committee of Foncière Euris, Member of the Audit Committee of Rallye, Chairman of Par-Bel 2 and Matignon Diderot, Member of the Supervisory Board of Centrum Baltica, Centrum Development, Centrum Krakow, Centrum Poznan, Centrum Warta and Centrum Weiterstadt, Co-Manager of Silberhorn (Luxembourg) and permanent representative of Foncière Euris as Director of Rallye.

Didier Lévêque is currently the Corporate Secretary of Euris and the Chairman and Chief Executive Officer of Finatis.

Odile Muracciole holds an advanced studies diploma in employment law. She began her career as head of the legal department at the petroleum group Alty. She joined Euris in 1990 as manager of legal affairs. Over the last five years, she has served as chief executive officer of Matignon Abbeville, Parinvest, Pargest and Parande, as chair of Pargest Holding and Saris, Director of employment law matters at Casino Services, permanent representative of Finatis on the board of directors of Carpinienne de Participations, permanent representative of Euris on the Board of Directors of Foncière Euris, permanent representative of Euris on the Board of Directors of Rallye and Member of the Appointments and Compensation Committee, permanent representative of Par-Bel 2 on the Board of Directors of Finatis, permanent representative of Saris, Legal Manager of Euriscom, Member of the Supervisory Board of Centrum Development S.A., Director of Fondation Euris, permanent representative of Saris SAS on the Board of Directors of Rallye, Member of the Supervisory Board of Centrum Krakow S.A. and Member of the Board of Directors of Wansquare SAS.

Thomas Piquemal is a graduate of *École supérieure des sciences économiques et commerciales* (ESSEC business school). Thomas Piquemal started his career in 1991 at accounting firm Arthur Andersen. In 1995, he joined the Mergers and Acquisitions Department of Lazard Frères, becoming a Managing Partner of the bank five years later. At the end of 2008, he took on responsibility for the strategic partnership between Lazard and the US-based investment fund Apollo. In January 2019, Thomas joined Veolia Environnement as Senior Executive Vice President, Finance, and Member of the Executive Committee. In February 2010, he joined EDF as Group Senior Executive Vice President, Finance, remaining there until March 2016. In May 2016, he joined Deutsche Bank as Global Head of Mergers and Acquisitions and Chairman of Corporate & Investment Banking at Deutsche Bank France until April 2018. In February 2010, he joined EDF as Group Senior Executive Vice President, Finance, remaining there until March 2016. In May 2016, he joined Deutsche Bank as Global Head of Mergers and Acquisitions and Chairman of Corporate & Investment Banking at Deutsche Bank France until April 2018. In May 2018, he joined Fimalac as Deputy Chief Executive Officer.

Over the last five years, Thomas Piquemal has served as Chairman of Deutsche Bank France, Group Senior Executive Vice President, Finance for EDF, Deputy Chief Executive Officer of EDF International (responsible for the United States), Director of Dalkia International, EDF Energy Holding Ltd, EDF Energies Nouvelles, EDF International, EDF Trading, EDF Energy UK, Fimalac, Edison SpA, TI GF Holding and Transalpina di Energia, Member of the Supervisory Board of A&B de Dalkia, Dalkia SAS, ERDF, RTE EDF Transport and EnBW AG, Member of LFCM Holdings LLC, Non-Voting Director of Fimalac and Director and Member of the Audit Committee of the Board of Directors of Fimalac.

David de Rothschild ran the Rothschild & Co SCA group (formerly Paris-Orléans) from 2003 to 2018. In May 2018, he was named Chairman of the Supervisory Board of Rothschild & Co SCA in connection with a succession plan whereby his son Alexandre de Rothschild succeeded him as Chairman of Rothschild & Co Gestion S.A.S., the Managing General Partner of Rothschild & Co SCA. He is a descendant of Mayer Amschel Rothschild, founder of the Rothschild dynasty, and of Baron James de Rothschild, who created Banque Rothschild Frères in Paris in 1812. David de Rothschild has worked in banking for over 40 years, gaining experience in the various branches of the family business. After Banque Rothschild Frères was nationalized in 1981, David de Rothschild and his cousin Eric de Rothschild were authorized to create a new Rothschild bank in France in 1986. In 2003, David and Eric de Rothschild agreed to a plan to merge the family's UK and French businesses, leading in 2008 to the creation of the family holding company Rothschild & Co Concordia S.A.S. David de Rothschild is a graduate of *Institut d'études politiques de Paris*.

Over the last five years, David de Rothschild has served as Chairman of Rothschild & Co Gestion, Rothschild & Co Concordia, Paris Orléans Holding Bancaire, N.M. Rothschild & Sons, Rothschild & Co North America, Rothschild & Co Continuation Holdings and Rothschild Martin Maurel Associés, Managing Partner of

RCB Partenaires and Rothschild & Cie, Director of Edmond de Rothschild, Rothschild Employee Trustees, Rothschild & Co Concordia, Rothschild & Co Holding, La Compagnie Financière Martin Maurel, Continuation Investments and Rothschild Asia Holdings, Member of the Supervisory Board of Euris, Vice-Chairman of Rothschild & Co Bank AG (Switzerland), Manager of Rothschild & Cie Banque and Rothschild Martin Maurel, Member of the Governance and Social Responsibility Committee of the Issuer, and permanent representative of Rothschild & Co. Gestion S.A.S. as Managing Partner of RCG Gestion. As of September 24, 2019 David de Rothschild serves as Chairman of the Supervisory Boards of Rothschild & Co SCA and Rothschild & Co Commandité SAS, Vice-Chairman CEO of Rothschild & Co. Concordia, Member of the Supervisory Board of Martin Maurel, Chairman of Rothschild & Co Europe BV, SCS Holding SAS, Financière de Reux SAS, Financière de Tournon SAS, Rothschild & Co SAS, RCG Partenaires SAS, RCI Partenaires SAS, Cavour SAS, Verdi SAS, Aida SAS, Financière Rabelais SAS, Manager of Béro SCA, sole Director of Five Arrows Messieurs De Rothschild Frères GIE and Sagitas GIE, and Managing Partner of Rothschild Ferrières SC, SCI 2 Square Tour Maubourg and Société Civile du Haras de Reux.

David de Rothschild is a Member of the Issuer's Appointments and Compensation Committee.

Frédéric Saint-Geours has a degree in Economics, is a graduate of *Institut d'études politiques de Paris* and an alumnus of *École nationale d'administration*. He joined PSA Peugeot Citroën Group in 1986 after a career at the Ministry of Finance and in the offices of the President of the National Assembly and the Secretary of State for the Budget (1975-1986). After serving as Deputy Chief Financial Officer of PSA Group from 1986 to 1988, he became Chief Financial Officer of the PSA Group in 1988. From 1990 to 1997, he was Deputy Chief Executive Officer of Automobiles Peugeot, becoming Chief Executive Officer in early 1998. He was a member of the Management Board of PSA Peugeot Citroën from July 1998 to December 2007. In January 2008, he was appointed Advisor to the Chairman of the Management Board of PSA Peugeot Citroën and member of the Management Committee. He was Chairman of the UIMM trade federation from December 20, 2007 until 2014. As from 2009, he was successively a member of the Management Board of Peugeot S.A., Chief Financial Officer and Head of Strategy for the PSA Peugeot Citroën Group, then head of the Peugeot and Citroën brands and Special Advisor to the Chairman of the Management Board of PSA Peugeot Citroën. In September 2013, he was appointed Chairman of *Groupe des Fédérations Industrielles*. In November 2014, France's Council of Ministers appointed him as Chairman of the Supervisory Board of SNCF, an appointment that was renewed in July 2015. From April 2016 to November 2017, he served as Vice-Chairman of the *French Conseil National de l'Industrie* (National Industry Council). Over the last five years, Frédéric Saint-Geours has served as Vice President of the *Conseil National de l'Industrie* and Chairman of the *Union des Industries et des Métiers de la Métallurgie* and of the *Groupe des Fédérations Industrielles*. As of September 24, 2019, Frédéric Saint-Geours serves as Chairman of the Supervisory Board of SNCF. He is also Director of Bpifrance Investissement and Bpifrance Participations.

Frédéric Saint-Geours is the Chairman of the Issuer's Audit Committee and a Member of its Governance and Social Responsibility Committee.

Michel Savart is a graduate of *École polytechnique* and *École nationale supérieure des mines de Paris*. He began his career with Havas in 1986, and joined Banque Louis Dreyfus as project manager in 1987 and Banque Arjil (Lagardère group) in 1988, where he was project manager then Advisor to the Management Board until 1994. He joined Dresdner Kleinwort Benson (DKB), where he was Managing Director in charge of Mergers and Acquisitions from 1995 until 1999. He joined the Euris-Rallye Group in October 1999 as Director-Advisor to the Chairman, in charge of private equity investments. He is currently Advisor to the Chairman of the Rallye-Casino Group. He has also been Chairman and Chief Executive Officer of Foncière Euris since August 2009. Over the last five years, Michel Savart has served as Chairman of the Management Board of Centrum Riviera Sp. Zoo and Centrum Wzgorze Sp. Zoo, Director of Cdiscount, permanent representative of Rallye on the Board of Directors of Groupe Go Sport, permanent representative of Foncière Euris as Chairman of Marigny Belfort, permanent representative of Finatis on the Board of the Issuer, permanent representative of Matignon Abbeville, Manager of Centrum Z Sarl, Centrum K Sarl and Centrum J Sarl and Manager A of Centrum NS Luxembourg Sarl, Co-Manager of Einkaufszentruman Alex GmbH and Loop 5 Shopping Centre GmbH, Legal Manager of Aubriot Investissements and Montmorency, Member of the Appointments and Compensation Committee of Mercialys, representative of Mat-Bel 2 as Legal Manager of Matbelys, representative of Marigny Foncière as Chairman of Mat-Bel 2, representative of Mat-Bel 2 as Legal Manager of Marigny Fenouillet, representative of Fenouillet Participation as Legal Manager of Fenouillet Immobilier, representative of Marigny Fenouillet as Legal Manager of Fenouillet Participation and representative of Immat Bel as Legal Manager of Marigny Fenouillet. As of October 3, 2019, he serves as Chairman of the Management Board of Centrum Serenada Sp. Zoo and Centrum Krokus Sp. Zoo, permanent representative of Rallye on the Supervisory Committee of Groupe Go Sport, representative of Delano Holding as Co-Legal Manager of Delano Participations, representative of Foncière Euris as Chairman of Marigny Foncière, Mat-Bel 2 and Matignon Abbeville, representative of Immat Bel as Co-Legal Manager of Delano Holding, representative of Marigny Foncière as Co-Legal Manager of Les Deux Lions and

Ruban Bleu Saint-Nazaire, Legal Manager of Pont de Grenelle and Centre Commercial Porte de Châtillon, representative of Mat-Bel 2 as Legal Manager of Immat Bel, Co-Manager of Guttenbergstrasse BAB5 GMbH (Germany), Chairman of Aubriot Investissements and Director and Member of the Investment Committee and Member of the Audit, Risks and Sustainable Development Committee of Mercialys.

Executive Committee

Under the authority of the Chairman and Chief Executive Officer, the Executive Committee is responsible for the day-to-day management of the Group's operations. It implements the Group's strategy as defined by the Board of Directors and the Chief Executive Officer. Responsible for strategic thinking, as well as coordinating, sharing, and monitoring cross-functional projects, it ensures that action plans implemented by all its subsidiaries and operating divisions are consistent with one other and, in that respect, can take any necessary decisions. It monitors the Group's results and financial position and draws up the Group's overall business plans. The Executive Committee meets once a month. The Executive Committee has eleven members, including the Chairman and Chief Executive Officer, the Chief Executive Officers of the Group's main subsidiaries and Directors of the corporate functions:

- Jean-Charles Naouri, Chairman and Chief Executive Officer;
- Hervé Daudin, Executive Director, Merchandise and Chairman of Achats Marchandises Casino;
- Franck-Philippe Georgin, General Secretary, Executive Committee Secretary;
- Carlos Mario Giraldo Moreno, Chairman and Chief Executive Officer of Grupo Éxito (Colombia);
- Emmanuel Grenier, Chief Executive Officer of Cnova N.V. and Chairman and Chief Executive Officer of Cdiscount;
- Cécile Guillou, Executive Director of Franprix;
- Julien Lagubeau, Deputy Chief Operating Officer;
- Karine Lenglart, Director of Group Corporate Development and Holdings;
- David Lubek, Chief Financial Officer;
- Jean-Paul Mochet, Chairman of Monoprix and Chief Executive Officer of Franprix;
- Tina Schuler, Chief Executive Officer of Casino Supermarchés, Géant Casino and Casino Proximités;
- Arnaud Strasser, Executive Director, Corporate Development and Holdings, Vice Chairman of GPA.

Board Committees

The Board of Directors has established the following three specialized committees that report to the Board of Directors: the Audit Committee, the Appointments and Compensation Committee and the Governance and Social Responsibility Committee.

The members of these Committees are appointed by the Board of Directors, which is also responsible for appointing their respective Chairs. The Committees' composition and organization are reviewed each year by the Appointments and Compensation Committee, the Governance and Social Responsibility Committee and the Board of Directors. When selecting Committee members, the Board of Directors takes into account their professional background and expertise. The Committees of the Board of Directors do not include the representative of our controlling shareholder.

The specific roles, duties and functions of each Committee are defined and are regularly reviewed by the Board of Directors. They are included in the Board of Directors' internal rules and in the Charter prepared for each Committee describing their respective organization and rules of procedure.

Board of Directors' meetings generally take place after a meeting of one or more Committees depending on the items on the agenda of the Board of Directors' meeting. The Committees report to the Board of Directors on their work and observations and, where appropriate, inform the Board of Directors of their opinions, proposals or recommendations in each of their respective fields of expertise.

The Board of Directors may also decide at any time to set up an *ad hoc* committee of independent Directors to examine a specific issue. Pursuant to the internal rules of the Audit Committee and of the Governance and Social Responsibility Committee, such committees must consist of at least three members, at least two of whom must be independent Directors within the meaning of the criteria in the Afep-Medef Code. With respect to the Appointments and Compensation Committee, the internal rules impose a minimum of three members, the majority of whom must be independent.

As part of its work, each Committee may organize meetings with the Issuer's senior management, and that of its subsidiaries should it deem necessary and, on its own initiative, may use the services of external experts and request any information it needs to carry out its functions. During the board meetings, the Committees present oral reports on their work and written reports are made available to the Directors.

Audit Committee

The Audit Committee is responsible for assisting the Board of Directors in reviewing annual and interim financial statements and in dealing with transactions or events that could have a material impact on the Issuer or its subsidiaries. The Audit Committee's members are Frédéric Saint-Geours and the independent Directors Laure Hauseux and Catherine Lucet.

The proportion of independent Directors on the Committee complies with the two-thirds threshold recommended by the Afep-Medef Code. All members of the Audit Committee hold or have held senior executive positions and therefore have the financial or accounting skills required by Article L. 823-19 of the French Commercial Code.

The Audit Committee meets to review the annual and interim financial statements at least two days before the Board of Directors meeting held to approve them. Pursuant to Article L. 823-19 of the French Commercial Code, the Committee deals with matters relating to the preparation and control of accounting and financial information. It reviews the terms and conditions applicable to approving the financial statements, as well as the type, scope and outcome of the work undertaken by the statutory auditors for the Issuer and its subsidiaries. Accordingly, it is tasked with tracking the effectiveness of internal control and risk management systems and the audit of the financial statements of the Issuer and the Group by the statutory auditors, as well as the statutory auditors' independence. To this end, the statutory auditors present their audit work and findings to the Committee. At least twice a year, the Audit Committee meets alone with the statutory auditors without any Issuer representatives. Additional meetings with the statutory auditors and with the internal audit manager may be arranged at the Committee's request. The Committee also organizes the statutory auditor selection process.

Since February 15, 2015, the Audit Committee has also reviewed all material agreements between the Issuer or its wholly-owned subsidiaries and related parties prior to their execution. The purpose of this review is to help prevent the risk of conflicts of interest and to protect minority shareholders. The Committee informs the senior management and the Board of Directors of its opinion on these agreements as to whether the transaction assessed falls within the scope of the related party procedure and fairly balances the interests of the Issuer and the related party.

Further to changes in the legal provisions governing related-party agreements pursuant to the Pacte Law dated May 22, 2019 (Article L. 225-39, paragraph 2 of the French Commercial Code), the Audit Committee has also been responsible, since 12 December 2019, for reviewing agreements classified as arm's length on a yearly basis and reporting its opinion to the Board of Directors. Each year, the Audit Committee reviews the report on arm's length agreements entered into during the year or which continued to apply during the year, and the analysis of those agreements. The list of arm's length agreements is accompanied by any supporting documentation, including reports prepared by a third-party expert in financial, legal, real estate or other fields, enabling the Audit Committee to review those agreements classified as at arm's length and to report thereon to the Board of Directors. The Audit Committee may also propose that an agreement initially considered as a related-party agreement be reclassified as an arm's length agreement, if it deems appropriate. In that case, the Board of Directors discloses the change in its management report in order to inform the Issuer's shareholders.

The Audit Committee's powers and duties, notably those concerning risk analysis and the detection and prevention of management errors, are set out in a charter. The charter was updated on March 13, 2019 and further updated on March 25, 2020. Its powers and duties are also described in the Board of Directors' internal rules.

Appointments and Compensation Committee

The Appointments and Compensation Committee is tasked with assisting the Board of Directors in reviewing (i) candidates for senior management and in selecting future Directors in line with the criteria and standards set by the Governance and Social Responsibility Committee to ensure, among other things, candidates' sufficient complementarity of expertise and Board's diversity, (ii) the human capital development and succession plan, (iii) the independence of Directors, (iv) corporate executive officer compensation, (v) the Issuer's grants of stock options or free shares and (vi) the implementation of employee shareholder plans. The Appointments and

Compensation Committee's members are Nathalie Andrieux (independent Director), Laure Hauseux (independent Director) and David de Rothschild.

The Chairman and Chief Executive Officer participates in the Appointments and Compensation Committee's selection and appointment process for Director and the Lead Director roles and its review of the Issuer's non-corporate officer compensation policy for key executives.

The role and responsibilities of the Appointments and Compensation Committee are set out in its charter, which was amended on March 13, 2019 to incorporate the Issuer's practices and reflect changes to the Afep-Medef Code, which was itself revised in June 2018, and further amended on March 25, 2020 to take into account changes in the law in 2019. The Board of Directors' internal rules, also amended, describe these responsibilities.

Governance and Social Responsibility Committee

The Governance and Social Responsibility Committee monitors the development of governance rules, oversees their proper application and proposes any appropriate adjustments to such rules to align with the Issuer's needs. In particular, the Committee is responsible for monitoring subjects relating to rules of ethics and conduct as applicable to Directors, including managing Board conflicts of interest, as well as determining the terms and conditions of, and conducting assessments of, the Board's organization and functioning. The Committee also periodically reviews the Board of Directors' structure, size and composition. The Governance and Social Responsibility Committee's members are Catherine Lucet, Nathalie Andrieux, Christiane Féral-Schuhl, who are all independent Directors, and Frédéric Saint-Geours.

The purpose and organizational rules governing the Committee are described in a specific charter that was amended and approved most recently by the Board of Directors on December 15, 2017. The Board of Directors' internal rules also set out the Committee's responsibilities.

The scope of the Committee's duties in the area of social responsibility was recently broadened to ensure the involvement of individuals at the highest level of the Issuer's management in social responsibility issues. The Committee is thus responsible for reviewing the Issuer's commitments and policies in the area of ethics, rules of conduct and corporate social, environmental and societal responsibility, and for implementing these policies and tracking their results in line with the Issuer's social responsibility strategy. In this respect, together with the Audit Committee, it provides a framework to identify and manage the principal risks relating to these areas and compliance with applicable law and regulations. It reviews the Group's participation in non-financial indices. It also reviews the information provided annually in the management report relating to non-financial information under applicable law and the Issuer's gender parity policy, both of which were responsibilities previously entrusted to the Appointments and Compensation Committee.

Furthermore, as mentioned under "—*Governance*" above, the Board of Directors recently agreed to give the Governance and Social Responsibility Committee, chaired by the Lead Director, the authority and responsibility to address issues related to the safeguard proceedings.

Remunerations, Other Benefits, Share Ownership

The Board of Directors uses the Afep-Medef Code as its reference for the principles that guide its executive compensation policies. The Chairman and Chief Executive Officer's compensation is based on the recommendation of the Appointments and Compensation Committee. The Board of Directors ensures that the compensation policy is consistent with the Issuer's corporate interests, the interests of its shareholders and stakeholders and the compensation policies applied to members of the Executive Committee and the Group's employees.

The total compensation paid to Mr. Jean-Charles Naouri by the Issuer, in respect of his role as Chairman and Chief Executive Officer of the Issuer, amounted to €1,505,240 for the financial year ended December 31, 2019, consisting of fixed compensation, annual variable compensation, directors' fees and including the additional compensation reflecting Mr. Jean-Charles Naouri's critical contribution to the successful completion of strategic operations for the Group's transformation and debt reduction in connection with the Asset Disposal Plan. The Chairman and Chief Executive Officer was not, and has never been, awarded any stock options, bonus shares or performance shares from the Issuer. He is expressly excluded from the list of beneficiaries of these types of compensation under the terms of the resolutions voted at the Extraordinary General Meetings of May 7, 2017, May 15, 2018 and June 17, 2020. At its meeting on March 25, 2020, the Board of Directors, based on the recommendation of the Appointments and Compensation Committee, set the principles and structure of the Chairman and Chief Executive Officer's compensation for 2019, which was largely in line with the compensation approved the prior year.

At their Annual General Meeting in May 19, 2009, the shareholders set the maximum total amount of directors' fees to be allocated to the Directors and the members of the Board's specialized Committees at €650,000. The method of allocating the directors' fees as voted by the shareholders for 2019 (paid in 2020) between Directors and members of the Board's specialized Committees was determined by the Board of Directors on March 25, 2020 based on the recommendations of the Appointments and Compensation Committee. The total directors' fees paid in 2020 in respect of 2019 to the members of the Board of Directors and the Board's specialized Committees amounted to €518,000, as compared to the €537,439 paid in 2019 in respect of 2018.

Pursuant to the terms of our Articles of Association, each Director must own at least 100 shares of the Issuer. Our internal rules also state that each Director elected at an Annual General Meeting, whether a natural person, legal entity or permanent representative, also undertakes to hold a number of shares, the amount of which corresponds to at least one year of directors' fees, with the possibility of using said directors' fees to acquire such shares.

Our executive compensation policy is designed to encourage and reward performance, both in terms of the Group's results and on an individual level, and to ensure competitive compensation positioning relative to general market practices. Total compensation paid to members of our Executive Committee comprises a fixed and variable component. The variable component is contingent on the achievement of various objectives and can represent up to 50% of the fixed component if the objectives are met and up to 100% if they are exceeded. See Notes 8.3 and 8.4 to our audited consolidated financial statements as of and for the year ended December 31, 2019.

As employees, Executive Committee members may receive stock options and/or share grants as part of our policy to retain key people by giving them a stake in the Group's development. Share grants are contingent on the achievement of performance conditions specific to the Issuer and on the beneficiary being employed by the Issuer on the vesting date or on the exercise date for stock options. No stock option plans have been set up since April 29, 2010. The Issuer may also make one-off share grants to employees who have made a significant contribution to strategic or highly complex transactions. In 2019, 7 Executive Committee members were granted 190,487 bonus shares either contingent on a service requirement and performance conditions or on a one-off basis. A total of 99,587 bonus shares vested to Executive Committee members in 2019.

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Principal Shareholders

The Issuer is a publicly listed *société anonyme* whose shares are traded on Euronext Paris. The Issuer is controlled directly by Rallye, the Issuer's direct parent company, representing 63.21% of the Issuer's theoretical voting rights and holding, directly and indirectly through its subsidiaries, 52.69% of the Issuer's shares as of September 30, 2020 (both excluding treasury shares). Rallye is directly and indirectly controlled by Euris, its ultimate holding company (through two intermediate holding companies, Finatis and Foncière Euris), which is chaired and controlled by the Issuer's majority shareholder, Chairman and Chief Executive Officer, Jean-Charles Naouri.

As of September 30, 2020, the Issuer had 108,426,230 shares outstanding, the ownership of which is set forth in the table below. From time to time, the Issuer may buy back its own shares in the market, generally for allocation to a liquidity contract used to make a market in the shares, or to be held for allocation under stock option plans, employee share ownership plans or free share plans for the Issuer's employees and corporate officers.

	Number of Shares Owned	Percentage of Shares Owned	Number of voting rights exercisable at Annual General Meeting(1)	Percentage of voting rights exercisable at Annual General Meeting(1)	Number of theoretical voting rights shares(1)	Percentage of theoretical voting rights shares(1)
Public	30,082,148	36.05%	41,827,697	28.12%	41,827,697	27.99%
Rallye(2)	56,716,271	52.31%	94,005,269	63.21%	94,005,269	62.88%
Vesa Equity Investment(3)	7,752,359	7.15%	7,752,359	5.21%	7,752,359	5.18%
Groupe Fimalac	2,877,318	2.65%	2,877,318	1.94%	2,877,318	1.92%
Casino Group Employee Mutual Funds	1,218,790	1.12%	2,262,230	1.52%	2,262,230	1.51%
Treasury shares(4)	779,344	0.72%	0	0%	779,344	0.52%(5)
Total	**108,426,230**	**100.0%**	**148,724,873**	**100.0%**	**149,504,217**	**100.0%**

(1) The number of rights to vote at the Annual General Meeting is not the same as the voting rights published under France's disclosure threshold rules (theoretical voting rights). For the monthly publication of the total number of voting rights and the number of shares comprising the share capital, the total number of voting rights is calculated based on all the shares that potentially carry voting rights, including shares stripped of voting rights (treasury shares), in accordance with Article 223-11 of the AMF General Regulations.

(2) On December 31, 2019, Rallye held 48.43% of the share capital (55.96% of the voting rights) directly and 52.37% of the share capital (61.90% of the voting rights) indirectly through three subsidiaries which held less than 5% of the share capital and/or voting rights.

On July 31, 2015, Rallye signed an equity swap agreement on 840,495 notional shares expiring on July 31, 2018. The swap could be settled through physical delivery of underlying shares. The agreement was settled on March 9, 2018 when the title transfer option was exercised on 840,495 shares (AMF 2018DD541587). On October 3, 2018, Alpétrol (the lender), a wholly-owned subsidiary of Rallye, and Rallye (the borrower) entered into a securities lending agreement on 6,681,492 shares of the Issuer (AMF 2018DD578901 – AMF 2018DD578908), expiring on December 31, 2019. The lent shares were stripped of double voting rights (AMF 218C1648). The agreement was amended on December 19, 2019 to extend its term to December 31, 2021. On February 28, 2019, Cobivia (the lender) and L'Habitation Moderne de Boulogne (the lender), subsidiaries of Rallye, and Rallye (the borrower) entered into securities lending agreements on 6,866,554 shares of the Issuer and 2,721,459 shares of the Issuer respectively (AMF 2019DD597522 – AMF 2019DD597523 – AMF 2019DD597521). The lent shares were stripped of double voting rights (AMF 219C0420). The agreement was amended on December 19, 2019 to extend its maturity to December 31, 2021. The agreement was amended on January 27, 2020 to reduce the number of securities loaned by Cobivia (lender) to Rallye (borrower) to 6,866,454 shares.

On March 31, 2020, Rallye held 48.43% of the share capital (58.17% of the voting rights) directly and 52.31% of the share capital (63.74% of the voting rights) indirectly through three subsidiaries which held less than 5% of the share capital and/or voting rights. These include shares pledged by the Rallye group (see below).

Nearly all of the Issuer's shares have been pledged to secure outstanding debt of Rallye and its subsidiaries. In this respect, Rallye has also entered into structured financing arrangements (in the form of prepaid forward contracts and equity swaps) with certain financial institutions, which are secured by pledges over 9.5 million of Issuer's shares (or 8.7% of Issuer's share capital) that are capable of being enforced during its ongoing safeguard proceeding.

(3) As of September 30, 2020, Vesa Equity Investment S.à r.l., controlled by partner Daniel Křetínský, held 7,752,359 shares of the Issuer, representing 7.15% of its share capital. On November 5, 2020, Vesa Equity Investment S.à r.l. declared holding 11,035,899 shares of the Issuer, representing 10.18% of its share capital.

(4) The Issuer holds 928 of its shares through its indirectly wholly-owned subsidiary, Germinal SNC.

(5) Voting rights that will become exercisable again if the underlying shares cease to be held as treasury stock.

Double Voting Rights

Statutory provisions relating to double voting rights were introduced by the Extraordinary General Meeting of November 30, 1934 and amended by the Extraordinary General Meeting of May 21, 1987 (Article 28-III of the Articles of Association). With respect to voting rights, Article 28-III of the Issuer's Articles of Association stipulates as follows:

"Shareholders hold as many votes as the shares he or she holds or represents, without limitation, with the only exception of the cases provided for by law or in the Articles of Association.

However, a double voting right is assigned to all fully paid-up shares effectively held in registered form in the name of the same shareholder for at least four years, as well as, in the event of a share capital increase via capitalization of reserves, profits, or issue premiums, to those registered shares granted free of charge to a shareholder in connection with old shares for which he or she is entitled to this right.

The double voting right is forfeited ipso jure for any share that was converted to bearer-form or that was subject to a transfer of ownership except in the event of a transfer in which the shares remain in registered form, pursuant to the terms of Article L. 225-124 of the French Commercial Code.

The vote or proxy issued by an intermediary that has either not declared itself as an intermediary registered as a holder of securities on behalf of third parties not domiciled in France, or has not disclosed the identity of the owners of the shares for which it is a registered intermediary, in accordance with regulations in force, will not be counted".

Double voting rights may be withdrawn by decision of the Extraordinary General Meeting, after approval by a special meeting of holders of double voting rights. As of December 31, 2019, a total of 143,591,404 voting rights were attached to 107,595,973 shares with voting rights in issue. The number of voting rights is different from the number of shares comprising the share capital due to the double voting right attached to registered shares, as well as the direct or indirect holding by the Issuer of a certain number of its own shares. Taking into account the gain or loss of double voting rights by certain shareholders since January 1, 2020 and the number of treasury shares held directly or indirectly, a total of 151,102,255 voting rights were attached to 107,601,042 shares carrying voting rights as of March 31, 2020.

Related Party Transactions

Prior review of agreements between related parties by the Audit Committee

We maintain normal relations with all of our subsidiaries in our day-to-day operations. Due to our legal and operational structure, all or some of our companies may also engage in business relations to provide services to each other. In addition, all or some of our companies may also engage in business relations with our parent companies and/or their subsidiaries. While the French Commercial Code provides for prior authorization of related party agreements, such authorization is intended to apply principally to agreements to which the Issuer is a direct party, and does not address the routine agreements our companies or our parent companies' various subsidiaries may enter into in the ordinary course of our business operations. To address these intra-group transactions, and in order to prevent conflicts of interest which may arise from them, in 2015 the Issuer's Board of Directors developed a procedure for the review of related party transactions by the Audit Committee. Following the Audit Committee's recommendation, the Board of Directors approved a charter describing the Audit Committee's related party transaction review procedures. The Board of Directors' internal rules also reflect the Audit Committee's role in related party transaction review.

Pursuant to this procedure, prior to presentation for Board approval, the Audit Committee examines all agreements between the Issuer or its wholly owned subsidiaries and other companies in the Group, as well as controlling companies and companies accounted for by the equity method in our consolidated financial statements, where the value of the transaction in question, either individually or in total with other transactions between the same parties during the same fiscal year, exceeds €10 million. In addition, if the total value of the transactions between the parties within the same fiscal year exceeds €10 million, then the Audit Committee will review any additional transaction between the related parties that exceeds €1 million. The Audit Committee may rely on studies or reports produced by external specialist consultants in conducting its review. Following its review, the Audit Committee is required to provide an opinion as to whether the terms of the assessed transaction fairly balance the interests of both parties.

This procedure does not apply to agreements between the Issuer and its wholly-owned subsidiaries or among the Issuer's wholly-owned subsidiaries themselves to the extent such agreements concern routine ordinary course transaction, tax consolidation agreements (provided such agreements do not place one of the parties in a less favorable position than if it had been elected to be taxed on a standalone basis) or the issuance of a guarantee or a payment for a guarantee, provided such issuances are consistent with normal practices.

Moreover, senior management may request the Audit Committee to review any other agreements that do not fall within the scope of the Audit Committee's related party transaction review procedure thresholds. The Chairman and Chief Executive Officer or the Chairman of the Audit Committee may also request the Board of Directors to consider the creation of an *ad hoc* committee to review significant related party transactions.

The Audit Committee issued a favorable opinion on all of the transactions it reviewed in 2019, concluding that their terms fairly balanced the interests of both parties, based on the reports of external experts. Each year, senior management presents a report to the Audit Committee detailing all related party agreements entered into during the prior year, as well as any transactions qualifying for the above-mentioned exceptions to the Audit Committee's procedures. The report presented to the Audit Committee for 2019 concluded that there is no need to further widen the scope of the review procedure.

Our related party transactions include our transactions with Euris, our holding company, and Mercialys.

We receive strategic support from Euris, which in turn provides strategy and development consultancy services under an agreement signed in 2003 and the amendments thereto. In 2019, we paid €870,000 for these services, excluding taxes. On January 28, 2020, the Board of Directors authorized the renewal of this agreement for three years according to the same terms and conditions and decided to reclassify it as an ordinary agreement concluded under normal conditions in view of the reports issued by financial and legal experts and the unanimous recommendation of the Audit Committee.

We are also party to an agreement with Mercialys whereby we will reimburse the specific expenses borne by Mercialys in connection with the sale process of all or part of our interest in Mercialys' capital, as follows: (i) external expenses, corresponding mainly to legal advisor's fees, to be reimbursed upon presentation of vouchers and up to a maximum aggregate amount of €200,000 excluding VAT for the period through December 31, 2019, and (ii) exceptional compensation, including related payroll taxes, which would be paid by Mercialys to its top management whose roles are critical in organizing the smooth completion of the sale process, representing a lump sum amount of three months' fixed compensation for 2018, for a total amount of €236,250, plus payroll taxes for an estimated aggregate amount of €303,200. The total expense recorded by the Issuer as of December 31, 2019 was €473,761. In addition, Casino Finance has entered into a current account and cash management agreement with Mercialys, expiring on December 31, 2020. Under this agreement, Casino Finance provides Mercialys with a credit facility of up to €50 million.

The Issuer's Director, David de Rothschild was managing partner of Rothschild & Cie and members of his family hold positions directly or indirectly in Rothschild & Cie. Rothschild & Cie has provided investment banking and other services to the Group, including liquidity contracts.

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

Further to changes in the legal provisions governing related-party agreements pursuant to the Pacte Law dated May 22, 2019 (Article L. 225-39, paragraph 2 of the French Commercial Code), at its meeting of December 12, 2019, the Board of Directors, on the unanimous recommendation of the Governance and Social Responsibility Committee, tasked the Audit Committee with regularly reviewing the "arm's length" agreements entered into by the Issuer, and also approved, on the Audit Committee's recommendation, the terms of the dedicated charter on identifying and reviewing arm's length agreements. This charter sets out the methodology to be used to classify agreements into arm's length and related-party agreements referred to in Article L. 225.38 of the French Commercial Code.

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

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

In 2019, the Governance and Social Responsibility Committee recommended that the Audit Committee be tasked with reviewing the proposed renewal of the strategic advisory services agreement with Euris from January 1, 2020 (on the same financial terms and for a further period of three years) and its classification as an arm's length agreement based on financial and legal assessments similar to those performed in 2017. In 2019, we paid €870,000 for these services, excluding taxes.

On January 28, 2020, the Board of Directors unanimously authorized the renewal of the agreement for a further three years and unanimously approved its reclassification as an arm's length agreement based on the unanimous favorable opinion of the Audit Committee and the findings of the expert reports and legal opinions (the Directors concerned did not vote on either matter).

The Audit Committee will review the arm's length classification of the strategic advisory agreement with Euris on an annual basis in accordance with the review procedure drawn up on December 12, 2019.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of the material terms of our principal financing arrangements in addition to the Indenture. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following respective summaries and not otherwise defined in this Listing Prospectus have the meanings ascribed to them in their respective agreements.

Overview

Following the completion of the Offering, our principal outstanding indebtedness will include the Senior Secured Notes, the Revolving Credit Facility, the Term Loan B Facility, the Existing Syndicated Credit Facilities, the Issuer's outstanding bonds (including both our Existing EMTN Bonds and Existing Deeply Subordinated Perpetual Notes (each as defined below)), the Issuer's commercial paper program and indebtedness at certain of our Latam subsidiaries, each of which are summarized in further detail below, and the Notes.

The material terms of these credit facilities, as well as a summary of the outstanding indebtedness of GPA and Grupo Éxito, are discussed in further detail below.

Senior Secured Notes

On November 20, 2019, Quatrim issued €800,000,000 aggregate principal amount of 5.875% senior secured notes due 2024 (the "**Senior Secured Notes**") pursuant to an indenture among, *inter alia*, Quatrim, as issuer, Citibank, N.A., London Branch, as trustee, security agent, paying agent, transfer agent and registrar, and the Issuer, Casino Participations France, S.A.S. Distribution Casino France S.A.S. and Monoprix S.A.S. as guarantors and to which Casino Finance S.A. and Segisor S.A.S. subsequently acceded as guarantors (collectively the "**Senior Secured Notes Guarantors**") pursuant to supplemental indentures (as supplemented, the "**Senior Secured Notes Indenture**"). Terms capitalized and otherwise not defined in this section have the meanings given to them in the Senior Secured Notes Indenture.

The Senior Secured Notes mature on January 15, 2024. Quatrim pays interest on the Senior Secured Notes semi-annually in arrears on May 15 and November 15 of each year at a rate of 5.875% per annum. The Senior Secured Notes are general senior secured obligations of Quatrim and (i) are guaranteed on a senior unsecured basis by the Senior Secured Notes Guarantors; (ii) are secured by liens on the Senior Secured Notes Collateral; (iii) rank *pari passu* in right of payment with all existing and future indebtedness of Quatrim that is not subordinated in right of payment to the Senior Secured Notes; (iv) are structurally subordinated to all obligations of the Issuer's subsidiaries that are not Senior Secured Notes Guarantors; and (v) are effectively subordinated to any existing and future indebtedness of Quatrim that is secured by property or assets that do not secure the Senior Secured Notes, to the extent of the value of the property and assets securing such indebtedness. The Senior Secured Notes are subject to the Intercreditor Agreement that governs the relative rights of certain of our creditors under our financing arrangements as described in "*—Intercreditor Agreement*" below.

Quatrim may redeem all or part of the Senior Secured Notes at any time prior to November 15, 2021, at a redemption price equal to 100% of the principal amount of the Senior Secured Notes redeemed plus accrued and unpaid interest and additional amounts, if any, to the redemption date plus a "make whole" premium. At any time on or after November 15, 2021, Quatrim may redeem all or a portion of the Senior Secured Notes at the following redemption prices (expressed as a percentage of principal amount) *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on November 15 of the years indicated hereafter: (i) for 2021: 102.9375%, (ii) for 2022: 101.46875 and (iii) for 2023 and thereafter: 100.000%. Further, Quatrim may redeem all of the Senior Secured Notes at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but excluding the date of redemption, upon certain developments affecting taxation which would require Quatrim or the Senior Secured Notes Guarantors to pay additional amounts. Upon the occurrence of certain events defined as constituting a change of control, Quatrim may be required to offer to repurchase all outstanding Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase.

The Senior Secured Notes Indenture, among other things, restricts our ability and that of our restricted subsidiaries (including Quatrim) to, among other things, incur or guarantee additional indebtedness and issue certain preferred stock, create or permit to exist certain liens, pay dividends, redeem capital stock and make certain investments, make certain other restricted payments, make certain asset sales, including the sale of IGC's real estate assets, use the proceeds of disposals of IGC's real estate assets, consolidate or merge with other entities, enter into certain transactions with affiliates, impose restrictions on the ability of the Issuer's subsidiaries to pay dividends or make other payments to the Issuer or Quatrim and repay the Senior Secured Notes Proceeds Loans.

In order to incur additional indebtedness under the Senior Secured Notes Indenture, our Fixed Charge Coverage Ratio (as defined in the Senior Secured Notes Indenture) must be at least 2.00 to 1.00 and, in the case of Senior Secured Debt, on the date of such Incurrence and after giving effect to the Incurrence of such Senior Secured Debt and the application of the proceeds thereof, on a *pro forma* basis, the Consolidated Senior Secured Leverage Ratio of the Parent Company for the most recently ended four full fiscal quarters for which internal consolidated financial statements of the Parent Company are available immediately preceding the Incurrence of such Debt, taken as one period, would have been no greater than 2.0 to 1.0. The Senior Secured Notes Indenture also allows the Incurrence by us or any Restricted Subsidiary of Debt under Credit Facilities (including in respect of letters of credit or banker's acceptances issued or created thereunder) and any Permitted Refinancing Debt in respect thereof and Guarantees in respect of such Debt, in an aggregate principal amount at any time outstanding not to exceed €3 billion, *plus*, in the case of any refinancing of any such Debt the aggregate amount of fees, accrued and unpaid interest, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing. These covenants (including these incurrence-based tests) are subject to a number of important exceptions and qualifications.

The Senior Secured Notes Indenture provides for certain events of default, including, among others, default for 30 days in the payment when due of any interest or any Additional Amounts on any Note, default in the payment when due (at maturity, upon redemption or otherwise) of the principal of or premium, if any, on any Note, default under the terms of any instrument evidencing or securing Debt by the Parent Company or any Restricted Subsidiary (other than Debt owed to the Parent Company or a Restricted Subsidiary) if that default (x) results in the acceleration of the payment of such Debt or (y) is caused by a failure to pay principal of such Debt at the Stated Maturity thereof after giving effect to any applicable grace periods, and such failure to make any payment has not been waived or the maturity of such Debt has not been extended, and in either case the aggregate principal amount of such Debt unpaid or accelerated exceeds €60.0 million, or the occurrence of certain events of bankruptcy or insolvency described in the Senior Secured Notes Indenture with respect to the Parent Company, the Issuer, a Guarantor or any Significant Subsidiary or group of Restricted Subsidiaries that taken as a whole would constitute a Significant Subsidiary.

The Senior Secured Notes and the Senior Secured Notes Indenture are governed by the laws of the State of New York.

The Senior Secured Proceeds Loans

Upon the issuance of the Senior Secured Notes, Quatrim, as lender, and each of the following subsidiaries of the Issuer, as borrower, (a "*Senior Secured Proceeds Loan Borrower*") entered into proceeds loan agreements pursuant to which Quatrim loaned to each such Senior Secured Proceeds Loan Borrower on the date of the Release, the following respective estimated amounts from the gross proceeds from the issuance of the Senior Secured Notes (each a "*Senior Secured Proceeds Loan*" and collectively the "*Senior Secured Proceeds Loans*"):

Senior Secured Proceeds Loan Borrower	Amount of Senior Secured Proceeds Loan from Senior Secured Notes proceeds (€ in millions)
Distribution Casino France S.A.S.	€164.0
Casino Finance S.A.	€287.0
Monoprix S.A.S.	€205.0
Segisor S.A.S.	€39.0

Terms capitalized and otherwise not defined in this section have the meanings given to them in the Senior Secured Notes Indenture. Notwithstanding the foregoing, the Senior Secured Proceeds Loan between Quatrim and Segisor was entered on March 27, 2020.

Each Senior Secured Proceeds Loan was denominated in euro. Each Senior Secured Proceeds Loan is bearing interest at a rate at least equal to the interest rate of the Senior Secured Notes. Interest on each Senior Secured Proceeds Loan is payable semi-annually in arrears with sufficient time in advance to permit Quatrim to make payments of interest on the Senior Secured Notes. The maturity date of each Senior Secured Proceeds Loan is the same maturity date as the maturity date of the Senior Secured Notes. Each Senior Secured Proceeds Loan is an unsecured obligation of the relevant Senior Secured Proceeds Loan Borrower.

Except as otherwise required by law, all payments under each Senior Secured Proceeds Loan is made without deductions or withholding for, or on account of, any applicable Tax. In the event that the relevant Senior Secured Proceeds Loan Borrower is required to make any such deduction or withholding, it shall gross-up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

Quatrim's rights under the Senior Secured Proceeds Loans are pledged to the Senior Secured Notes Security Agent for the benefit of the Senior Secured Notes Trustee and the holders of the Senior Secured Notes.

Revolving Credit Facility

On November 18, 2019, the Issuer, Casino Finance and Monoprix entered into the Revolving Credit Facility, in an initial aggregate amount of €2.0 billion, as borrowers, with, among others BNP Paribas, Credit Suisse International and J.P. Morgan Securities plc, as mandated lead arrangers and bookrunners. Borrowings may be used for refinancing of certain existing financial indebtedness and/or general corporate purposes. The Revolving Credit Facility may be utilized to and including the business day that is one month prior to the maturity date. The maturity date is the date which is the earlier of October 31, 2023 and, if the 2023 EMTN Bonds are not repaid or refinanced in full (or sums sufficient to repay the 2023 EMTN Bonds have not been placed in a Segregated Account) by October 31, 2022, October 31, 2022. Terms capitalized and otherwise not defined in this section have the meanings given to them in the Revolving Credit Facility.

Swingline Component

In addition to the revolving advances provided for under the Revolving Credit Facility, the terms of which are described in further detail below, the facility provides for swingline advances (in an amount up to €400 million), to be used for general corporate purposes.

Security and Guarantees

The Revolving Credit Facility benefits from guarantees from certain members of the Group which are Senior Secured Notes Guarantors. The borrowers and guarantors provide security over the shares in certain members of the group, intra-group receivables and bank accounts. In particular, the Issuer granted security over the shares it holds in Casino Participations France, but its enforcement is subject to the terms of the Intercreditor Agreement. See "*—Intercreditor Agreement—Enforcement of Security—Enforcement Instructions—Senior Lender Liabilities Security*".

Intercreditor Agreement

The Revolving Credit Facility is subject to the terms of the Intercreditor Agreement described below under the heading "*—Intercreditor Agreement*".

Interest and Fees

The rate of interest on revolving advances of loans under the Revolving Credit Facility is calculated at a percentage per annum that is the sum of (1) an applicable margin that may be adjusted subject to certain conditions based on the consolidated gross debt (being current and non-current financial liabilities (*emprunts et dettes financières courantes et non courantes*) as shown in the consolidated financial statements of the Issuer (or, as the case may be, as set out in the quarterly reporting required to be made by the Issuer pursuant to the Revolving Credit Facility)) (net of proceeds on the Segregated Account(s) and the Bond Segregated Account(s)) to consolidated EBITDA ratio (calculated as provided for therein) as follows:

Ratio of consolidated gross debt to consolidated EBITDA	Margin % p.a.
Greater than 5.50:1	3.50
Greater than 4.50:1 but less than or equal to 5.50:1	3.00
Greater than 3.50:1 but less than or equal to 4.50:1	2.50
Greater than 2.50:1 but less than or equal to 3.50:1	2.00
Less than or equal to 2.50:1	1.50

and (2) EURIBOR or LIBOR. The initial margin under the Revolving Credit Facility is 3.50% *per annum*. The rate of interest is subject to increase by 1.00 % for amounts that are overdue. Interest payments for each revolving advance are due at the end of the term for the advance, which may be a term of one, three or six months, or any other period otherwise agreed to.

The Issuer is also generally required to pay certain other fees under the Revolving Credit Facility, including commitment, utilization and other fees. Commitment fees accrue on available commitments under the

Revolving Credit Facility at a *per annum* rate equal to 35% of the then-applicable margin. Utilization fees are payable on drawn amounts at a *per annum* rate ranging from 0.40% to 1.25% according to the percentage of the Revolving Credit Facility which is utilized.

Conditions to Drawdown

The availability of loans (other than rollover loans) under the Revolving Credit Facility is subject to certain conditions precedent, including the absence of default which is continuing or would result from the proposed loan and certain customary representations and warranties made in the Revolving Credit Facility Agreement being true in all material respects. Rollover loans under the Revolving Credit Facility are subject to the absence of events of default related to non-payment, financial covenants, insolvency or insolvency proceedings.

Repayments

Each loan made under the Revolving Credit Facility must be repaid in full on the last day of the interest period for the loan advance. An interest period may not extend after the final maturity date of the Revolving Credit Facility. Amounts repaid may be reborrowed, save for certain exceptions.

Prepayment – change of control

The Revolving Credit Facility Agreement provides for mandatory prepayment upon the occurrence of a change of control of either the Issuer, Casino Finance or Monoprix.

Change of control of the Issuer is defined in a manner similar to that under the Senior Secured Notes Indenture. A change of control of Casino Finance is defined as any person or group of persons acting in concert (other than Rallye and its affiliates) gaining control (as defined by art. L.233-3 of French Code du Commerce) of Casino Finance. A change of control of Monoprix is defined as the Issuer or any of its subsidiaries no longer controlling (as defined by art. L.233-3 of French Code du Commerce) Monoprix S.A.S., or the Issuer or any of its subsidiaries holding less than 40% of Monoprix S.A.S.'s share capital or voting rights.

If a change of control of the Issuer or Casino Finance occurs, each lender will be entitled to request that its commitments under the applicable facility be cancelled, with all amounts outstanding thereunder subsequently becoming due and payable, within 30 business days together with accrued interest. If a change of control with respect to Monoprix occurs, each Lender will only be entitled to require cancellation of one-third of its commitments.

Prepayment – disposal proceeds

The Issuer and the borrowers are obliged to apply the cash proceeds of certain asset disposals in mandatory prepayment and cancellation of the facilities. A number of exceptions apply and, in particular, proceeds are not required to be applied if the cash proceeds from any individual disposal are in an amount of less than €50,000,000 or if the aggregate cash proceeds from disposals do not exceed €100,000,000 in any financial year. In addition, no prepayment and cancellation of the Revolving Credit Facility further to a disposal is required if it results in the amount of the Revolving Credit Facility and commitments under other committed corporate credit facilities with a maturity no earlier than that of the Revolving Credit Facility being less than €2,000,000,000.

Prepayment – voluntary prepayment and cancellation

Indebtedness under the Revolving Credit Facility may be voluntarily cancelled or prepaid, upon providing the requisite notice, without penalty or premium (subject to applicable break costs), in whole or in part, subject to certain conditions, including with respect to minimum amounts. Amounts prepaid may be reborrowed, subject to certain conditions. Commitments cancelled may not be reinstated.

Covenants

The Revolving Credit Facility Agreement contains information and negative and affirmative covenants, including covenants applicable to the Issuer, Casino Finance and Monoprix S.A.S, with certain covenants applying to their subsidiaries, or, as the case may be, to the Issuer's principal subsidiaries, defined as any subsidiary of the Issuer accounting for 10% or more of the Issuer's consolidated total assets and/or consolidated turnover (calculated on the basis of the Group (being the Issuer and its subsidiaries generally excluding the Latam subsidiaries but including Segisor and all of its direct and indirect Subsidiaries (other than CBD and its direct and indirect Subsidiaries) and Tevir and all of its direct and indirect Subsidiaries (other than Almacenes Éxito and its direct and indirect subsidiaries)). The affirmative and negative covenants relate to authorizations, compliance with laws, restrictions on granting security, restrictions on disposals, restrictions on mergers and corporate reorganizations, restrictions on change of business, environmental compliance, sanctions, *pari passu* ranking, restrictions on financial indebtedness and on granting indemnities and guarantees, restrictions on acquisitions, restrictions on joint ventures, restrictions on dividends, maintenance of intellectual property, undertakings regarding the maintenance of transaction security and the preservation of the assets below those companies the shares of which are subject to security in favor of the lenders under the Revolving Credit Facility and provision of financial and other information. The provisions are subject to a most favored nation procedure, which is intended to ensure that relevant undertakings remain no less restrictive than those applicable under the Senior Secured Notes Indenture. Such covenants are subject to agreed exceptions and thresholds.

Financial Covenants

The Revolving Credit Facility Agreement requires the Issuer to maintain a consolidated gross debt (as defined above) (net of proceeds on the Segregated Account(s) and the Bond Segregated Account(s)) to EBITDA ratio and an interest cover ratio, each tested for the first time on March 31, 2020 and thereafter each tested quarterly (unless the ratio of consolidated gross debt to EBITDA is 3.50:1 or less, in which case the ratios are tested semi-annually). The ratio of consolidated gross debt to EBITDA on each of the test dates in the table below must not exceed that set out opposite such test date:

Test Date	Ratio of consolidated gross debt to EBITDA
September 30, 2020	7.25:1
December 31, 2020	5.75:1
March 31, 2021	6.50:1
June 30, 2021	6.00:1
September 30, 2021	6.00:1
December 31, 2021 (and each test date thereafter)	4.75:1

The interest cover ratio must not be less than 2.25:1.

Events of Default

The Revolving Credit Facility Agreement contains customary events of default (subject in certain cases to grace periods, thresholds, materiality and other exceptions) applying to the Group or, as the case may be, the Issuer and its principal subsidiaries. The events of default include payment default, failure to comply with the financial covenants described above, failure to comply with any other obligations in the Revolving Credit Facility Agreement and the related finance documents, misrepresentation, cross-default, insolvency, insolvency proceedings, creditors' process, cessation of business, failure to comply with judgments, litigation, loss of ownership of obligors, unlawfulness of obligations or audit qualifications.

The occurrence of an event of default will allow the agent (if so directed by lenders representing 66⅔% of the total commitments under the Revolving Credit Facility) to (i) declare all or any part of any borrowings thereunder to be immediately due and payable, together with accrued interest (ii) cancel the total commitments under the Revolving Credit Facility and/or (iii) exercise or direct the security agent to exercise rights under the finance documents including the security documents.

Governing Law

The Revolving Credit Facility and non-contractual obligations arising out of it are governed by French law.

Term B Loan Facility

Overview and Structure

On November 18, 2019, the Issuer, DCF, Casino Finance and Monoprix S.A.S. entered into the Term Loan B Facility Agreement with, among others, Credit Suisse International as agent and Citibank, N.A., London Branch as security agent, and BNP Paribas and Credit Suisse International as physical bookrunners, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Credit Suisse International, Goldman Sachs International, HSBC Continental Europe, J.P. Morgan Securities plc and Natixis as global coordinators, mandated lead arrangers and joint bookrunners and Bank of America Merrill Lynch International Designated Activity Company, Crédit Mutuel-CIC, Santander and Société Générale as joint bookrunners.

The Term Loan B Facility Agreement provides for the committed senior secured Term Loan B Facility.

The Term Loan B Facility may be utilized by the Issuer and may be used to (i) refinance any financial indebtedness of the Group existing on the date of the Term Loan B Facility Agreement including payment of related fees, costs and expenses payable in connection with such refinancing or (ii) with respect to any amounts not applied for the purpose described in (i), in payment directly to the Segregated Account (under and as defined in the Term Loan B Facility Agreement).

The Term Loan B Facility Agreement includes the ability to incur additional senior secured indebtedness under the Term Loan B Facility Agreement (by way of increase of, or under one or more additional facilities documented within, the Term Loan B Facility Agreement) up to an aggregate amount which shall not exceed the sum of (a) an amount that would result in the Consolidated Senior Secured Leverage Ratio immediately after giving effect to the incurrence of such additional indebtedness being greater than as at the first utilization date of the Term Loan B Facility (the "**Closing Date**") (plus available capacity under the credit facilities basket in the covenant on incurrence of debt) and (b) solely for the purposes of the repurchase or repayment of certain of the Group's unsubordinated medium term notes, an amount equal to the greater of €280.0 million and 30% of LTM EBITDA (provided that only €100.0 million of such basket may be applied towards the repurchase or repayment of the Group's unsubordinated medium term notes which mature after the maturity date of the Term Loan B Facility), in each case, subject to certain other conditions being met.

In addition, the Term Loan B Facility Agreement permits the incurrence of debt outside the Term Loan B Facility Agreement subject to the covenant on incurrence of debt.

The Term Loan B Facility Agreement also requires that certain creditors in respect of indebtedness which is secured by the same collateral securing the Term Loan B Facility and which is permitted to be incurred under the Term Loan B Facility Agreement, including pursuant to certain ratio tests and baskets, accede to the Intercreditor Agreement.

Incremental Term Loan B

The Issuer is entitled under the Term Loan B Facility Agreement to request additional term loan facilities under such Term Loan B Facility Agreement by way of incremental facility notices, provided that certain conditions are satisfied, in particular in terms of size, purpose, maturity, ranking and absence of default continuing or resulting from the establishment of the proposed incremental facility. See "—*Incremental Term Loan B*".

Interest and Fees

Loans under the Term Loan B Facility Agreement initially bear interest at rates per annum equal to EURIBOR, plus a margin which is subject to an annual margin ratchet based on the Issuer's Consolidated Senior Secured Leverage Ratio. The initial margin under the Term Loan B Facility is 5.50% *per annum* and this would reduce to a margin of 5.25% *per annum* if the Consolidated Senior Secured Leverage Ratio was less than 1.50:1.

If EURIBOR is less than zero, EURIBOR shall be deemed to be zero in respect of the Term Loan B Facility loans.

Default interest is calculated as an additional 1% on the defaulted amount.

A ticking fee becomes payable in the event that the Closing Date occurs after the date falling 30 days after allocation of the Term Loan B Facility.

Repayments

The Term Loan B Facility is due for repayment in full on January 31, 2024.

In respect of a voluntary prepayment of the Term Loan B Facility in accordance with the terms of the Term Loan B Facility Agreement, the Term Loan B Facility Agreement also contains call protection whereby lenders under the Term Loan B Facility benefit from (i) a prepayment fee of 3% of the principal amount of the Term Loan B Facility loan being prepaid if such voluntary prepayment is made on or before the date falling 12 months after the Closing Date and (ii) a prepayment fee of 1% of the principal amount of the Term Loan B Facility loan being prepaid if such voluntary prepayment is made after the date falling 12 months after the Closing Date but on or prior to the date falling 24 months after the Closing Date. For the avoidance of doubt, any voluntary prepayment occurring afterwards is made at par.

Mandatory Prepayment

The Term Loan B Facility Agreement provides for voluntary prepayments to be made (subject to certain *de minimis* amounts) and requires mandatory prepayment in full or in part in certain circumstances, including:

- on a change of control (which will be defined in a manner substantially similar to that under the Senior Secured Notes Indenture); and

- for each financial year (commencing with the first full financial year ending after the Closing Date), a percentage of excess cash flow, dependent upon the Issuer's Consolidated Senior Secured Leverage Ratio less certain deductions and a *de minimis* amount.

Guarantees and Security

Subject to certain agreed security principles and the terms of the Term Loan B Facility Agreement, the Term Loan B Facility benefits from guarantees and security from certain members of the Group incorporated in France which are limited by reference to certain legal and tax issues.

On the date on which the Term Loan B Facility Agreement was executed (*i.e.*, November 18, 2019), the Term Loan B Facility was guaranteed by DCF, Casino Finance and Monoprix S.A.S. (together with the Issuer, the "**Term Loan B Facility Obligors**") and, on the date on which the Term Loan B Facility Agreement funded, it was secured by first ranking pledges over (i) the shares of Casino Participations France, DCF, Casino Finance, Monoprix S.A.S., Tevir, Franprix Leader Price Holding, Monoprix Exploitation and Société LRMD, in each case held by the relevant Term Loan B Facility Obligor; (ii) the Segregated Account and the Senior Secured Segregated Account, (iii) certain bank accounts of the Term Loan B Facility Obligors; and (iv) certain intra-group receivables owed to the Term Loan B Facility Obligors.

On 27 March 2020, Segisor acceded to the Term Loan B Facility Agreement as an additional guarantor and (i) the Issuer granted first ranking pledges over the shares of Segisor held by it and (ii) Segisor granted first ranking pledges over certain intra-group receivables owed to it and certain of its bank accounts.

Intercreditor Agreement

The Term Loan B Facility Agreement is subject to the terms of the Intercreditor Agreement described below under the heading "*—Intercreditor Agreement*".

Representations and Warranties

The Term Loan B Facility Agreement also contains certain representations and warranties (subject to certain agreed qualifications and with certain representations being repeated), including:

- status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, governing law and enforcement and *pari passu* ranking;
- no misleading information, no insolvency, no litigation, environmental laws, tax liabilities and filing and stamp taxes;
- no default and financial statements;
- no security or financial indebtedness, except as permitted;
- intellectual property, good title to assets, compliance with laws, legal and beneficial ownership in relation to assets securing the Term Loan B Facility and shares subject to transaction security free from other security and fully paid;
- no material adverse effect; and
- centre of main interests and compliance with sanctions and anti-corruption laws.

Certain representations and warranties were made on the date of the Term Loan B Facility Agreement and first utilization of the Term Loan B and are repeated on the date of each utilization request, on the first day of each interest period and at certain other times.

Covenants

The Term Loan B Facility Agreement requires compliance with certain negative undertakings, subject to certain agreed exceptions and qualifications, including a negative pledge and other covenants restricting:

- the granting of guarantees to others;
- the incurrence of indebtedness;
- disposals of assets;
- amalgamations and changes of business;
- transactions with affiliates;
- impairment of security interest;

- designation of Unrestricted and Restricted Subsidiaries; and
- the issuance of shares, payment of dividends or the making of certain other payments to shareholders and in respect of certain subordinated indebtedness.

If, on any date following the Closing Date, the Term Loan B Facility achieves a credit rating of Baa3 or better, in the case of Moody's, and BBB- or better, in the case of S&P, as applicable (or the equivalent investment grade credit rating from any other credit rating agency registered by the European Securities and Markets Authority pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies, as amended, selected by the Issuer as a replacement agency) (an "**Investment Grade Rating**"), and no default or event of default has occurred and is continuing, then, beginning on that day and continuing until such time, if any, at which the Term Loan B Facility ceases to have an Investment Grade Rating, certain of the negative undertakings will not apply.

The Term Loan B Facility Agreement requires compliance with certain affirmative covenants, including covenants relating to:

- the provision of financial statements and certain other information;
- authorizations;
- compliance with laws;
- change of business;
- *pari passu* ranking;
- intellectual property;
- environmental compliance;
- further assurance;
- additional guarantee by Segisor S.A.S.; and
- compliance with sanctions and anti-corruption laws.

Events of Default

The Term Loan B Facility Agreement contains certain events of default, the occurrence of which will allow a lender or lenders whose commitments aggregate more than $66^{2/3}$% of the total commitments under the Term Loan B Facility Agreement to accelerate all outstanding loans and terminate their commitments (subject in certain cases to agreed grace periods, financial thresholds, cure rights and other qualifications), including events of default substantially consistent with those applicable in the Senior Secured Notes Indenture and include:

- non-payment of amounts due under the Term Loan B Facility Agreement and related finance documents;
- non-compliance with other obligations under the Term Loan B Facility Agreement and related finance documents;
- inaccuracy of representations or statements when made;
- invalidity and unlawfulness of the Term Loan B Facility Agreement or the Intercreditor Agreement;
- insolvency and insolvency proceedings (and similar events in other jurisdictions);
- certain changes in ownership of the obligors; and
- audit qualification.

Governing Law and Jurisdiction

The Term Loan B Facility Agreement is governed by English law and the courts of England have exclusive jurisdiction to settle any disputes arising out of or in connection with the Term Loan B Facility Agreement, provided that relevant information undertakings, restrictive covenants and events of default (and related definitions) shall be interpreted in accordance with the laws of the State of New York.

Incremental Term Loan B

The Issuer is entitled under the Term Loan B Facility Agreement to request additional term loan facilities under such Term Loan B Facility Agreement by way of incremental facility notices, provided that certain conditions are satisfied, in particular in terms of size, purpose, maturity, ranking and absence of default continuing or resulting from the establishment of the proposed incremental facility. The Issuer will incur an incremental term loan B facility (the "**Incremental Term Loan B**") for a principal amount of up to €225,000,000 by entering into an incremental facility notice with, *inter alia*, Crédit Suisse International as agent and original incremental facility lender and Citibank, N.A., London Branch, as security agent (the "**Incremental Facility Notice**"). The purpose of the Incremental Term Loan B will be to finance the repurchase or repayment of Existing EMTN Bonds (*provided* that not more than €100,000,000 of the Incremental Term Loan B proceeds may be applied to redeem Existing EMTN Bonds maturing after the final maturity date of the Existing Term Loan B) while the margin, repayment terms and termination date specified in the Incremental Facility Notice will be aligned with the Term Loan B, so that the Incremental Term Loan B shall be fungible with the existing Term Loan B. The increase to the Term Loan B implemented by the Incremental Term Loan B will be secured by additional ranking pledges to be granted by the Issuer over the assets subject to Transaction Security under the Term Loan B Facility Agreement and the Term Loan B will continue to be guaranteed, subject to applicable guarantee limitations, by DCF, Casino Finance, Monoprix S.A.S and Segisor.

Intercreditor Agreement

General

To establish the relative rights of certain of our creditors under our financing arrangements, the Issuer (the "**Parent Company**"), Quatrim S.A.S., as issuer of the Senior Secured Notes, and each of the Issuer, CPF, DCF and Monoprix, as initial guarantors of the Senior Secured Notes and IGC (together with any other entity which accedes to the Intercreditor Agreement as a debtor, the "**Debtors**") entered into the Intercreditor Agreement with, among others, the Senior Secured Notes Security Agent and the Senior Secured Notes Trustee on the issue date of the Senior Secured Notes (*i.e.*, November 20, 2019). The proceeds of the offering of the Senior Secured Notes were deposited into escrow, on or about the Escrow Release Date, the lenders under the Revolving Facility Agreement and the Term Loan B Facility Agreement, the agent under the Revolving Facility Agreement (the "**Senior Revolving Facility Agent**") and the agent under the Term Loan B Facility Agreement (the "**Senior Term Facility Agent**" and, together with the Senior Revolving Facility Agent, the "**Senior Agents**"), the Common Security Agent and Casino Finance became party to the Intercreditor Agreement. The Intercreditor Agreement is governed by English law and sets out, among other things, the relative ranking of certain debt of the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt are subordinated upon the occurrence of certain insolvency events and turnover provisions.

By accepting a Senior Secured Note, the relevant holder thereof was deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement. The following description is a summary of certain provisions contained in the Intercreditor Agreement which relate to the rights and obligations of the holders of the Senior Secured Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the discussion that follows, defines certain rights of the holders of the Senior Secured Notes. Capitalized terms used but not defined in the Certain Definitions section herein have the meanings given to them in the Intercreditor Agreement.

Certain Definitions

"**Agent Liabilities**" means all present and future liabilities and obligations, whether actual or contingent, of any Debtor to any Agent under the Debt Documents;

"**Ancillary Enforcement Rights**" means (i) the blocking of any dividends or balances of pledged bank accounts under the Security Documents or (ii) the exercise of voting rights attached to Investment Instruments which are pledged under the Security Documents;

"**Common Assurance**" means any guarantee, indemnity or other assurance against loss in respect of any liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to the Agreed Security Principles, given to, or expressed to be given to, the Secured Parties in respect of their liabilities.

"**Common Security**" refers to security which is created, or expressed to be created, in favor of the

Common Security Agent as agent or trustee for the other Secured Parties (or a class of Secured Parties but in each case, excluding for this purpose the Senior Secured Notes Secured Parties) in respect of the liabilities owed to them by a member of the Group under the Debt Documents (or if such security agency or trustee arrangements are not legally possible, in favor of all the Secured Parties (or a class of Secured Parties but in each case, excluding for this purpose the Senior Secured Notes Secured Parties) or in favor of the Common Security Agent under a parallel debt or similar structure) and which shall rank in the order of priority contemplated in the provision described under the caption "**Priority of Security**" but without prejudice to the section captioned "*Application of Proceeds*";

"**Common Security Agent**" means Citibank, N.A., London Branch as security agent for the Secured Parties;

"**Debt Document**" means each of the Intercreditor Agreement, the Senior Secured Finance Documents, the Second Lien Finance Documents, any Second Lien Proceeds Loan Agreement, the security documents, any agreement evidencing the terms of the intra-group liabilities and any other document designated as such by the Common Security Agent (or, if applicable the Senior Secured Notes Security Agent) and the Parent Company (or, if applicable any Second Lien Issuer/Borrower);

"**Debt Financing Agreement**" means the Term Loan B Facility Agreement, the Revolving Facility Agreement, any Permitted Senior Secured Facilities Agreement, the Senior Secured Notes Indenture, any Second Lien Facility Agreement and/or any Second Lien Notes Indenture, as the context requires;

"**Enforcement Action**" means:

(a) in relation to any Liabilities:

(i) the acceleration of any Liabilities or the making of any declaration that any Liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Lender, a Senior Secured Noteholder, a Second Lien Lender or a Second Lien Noteholder to perform its obligations under, or of any voluntary or mandatory prepayment arising under, any of the Debt Documents);

(ii) the making of any declaration that any Liabilities are payable on demand;

(iii) the making of a demand in relation to a Liability that is payable on demand (other than a demand made by an Intra-Group Lender in relation to any Intra-Group Liabilities which are on-demand Liabilities to the extent (A) that the demand is made in the ordinary course of dealings between the relevant Debtor and Intra-Group Lender and (B) that any resulting Payment would be a permitted intra-group payment);

(iv) the making of any demand against any member of the Group in relation to any Guarantee Liabilities of that member of the Group;

(v) the exercise of any right to require any member of the Group to acquire any Liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any Liability but excluding any such right which arises as a result of a Senior Debt Purchase Transaction and excluding any mandatory offer arising on or as a result of a change of control or asset sale (however described) as set out in any of the Debt Financing Agreements);

(vi) the exercise of any right of set off, account combination or payment netting against any member of the Group in respect of any Liabilities other than the exercise of any such right:

(A) as Close-Out Netting by a Hedge Counterparty;

(B) as Payment Netting by a Hedge Counterparty;

(C) as Inter-Hedging Agreement Netting by a Hedge Counterparty; and/or

(D) which is otherwise permitted under each of the Term Loan B Facility Agreement, the Revolving Facility Agreement, any Permitted Senior Secured Facilities Agreement, the Senior Secured Notes Finance Documents or any Second Lien Facility

Agreement, in each case, to the extent that the exercise of that right gives effect to a Permitted Payment; and

(vii) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any Liabilities;

(b) the premature termination or close-out of any hedging transaction under any Hedging Agreement (except to the extent permitted by the Intercreditor Agreement);

(c) the taking of any steps to enforce or require the enforcement of any Transaction Security (including the crystallization of any floating charge forming part of the Transaction Security but excluding any Ancillary Enforcement Rights);

(d) the entering into of any composition, compromise, assignment or similar arrangement with any member of the Group which owes any Liabilities, or has given any Security, guarantee or indemnity or other assurance against loss in respect of the Liabilities (other than certain actions permitted under the Intercreditor Agreement in respect of changes to the parties or pursuant to any debt buy-back, tender offer, exchange offer or similar or equivalent arrangement not otherwise prohibited by the Senior Secured Finance Documents and the Second Lien Finance Documents, as applicable, and not undertaken as part of an announced restructuring or turnaround plan or while a Default was outstanding under the relevant Senior Secured Finance Documents or Second Lien Finance Documents); or

(e) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator, administrateur judiciaire, liquidateur judiciaire or similar officer) in relation to, the winding up, dissolution, administration, the opening of proceedings in France for sauvegarde, sauvegarde accelérée, sauvegarde financière accélérée, redressement judiciaire, liquidation judiciaire or reorganization (in the context of a mandat ad hoc or of a conciliation or otherwise) of any member of the Group which owes any Liabilities, or has given any Security, guarantee, indemnity or other assurance against loss in respect of any of the Liabilities, or any of such member of the Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction,

except that the following shall not constitute Enforcement Action:

(i) the taking of any action falling above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of Liabilities, including the registration of such claims before any court or governmental authority (including any *déclaration de créance*) and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods;

(ii) a Senior Secured Creditor, Second Lien Agent or Second Lien Notes Trustee bringing legal proceedings against any person solely for the purpose of:

(A) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any Debt Document to which it is party;

(B) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages;

(C) requesting judicial interpretation of any provision of any Debt Document to which it is party with no claim for damages; or

(D) bringing legal proceedings against any person in connection with any securities violation, securities or listing regulations or common law fraud or to restrain any actual or putative breach of the Senior Secured Finance Documents or Second Lien Finance Documents or for specific performance with no claims for damages;

"**Final Discharge Date**" means the later to occur of the Senior Secured Discharge Date and the Second Lien Discharge Date;

“**Financial Adviser**” means an internationally recognized investment bank or internationally recognized accounting firm selected by the relevant Security Agent (acting upon the instructions of the relevant Instructing Group), or if all of the internationally recognized investment banks and internationally recognized accounting firms are subject to conflicting and client or potential client issues and are unable to act in relation to the relevant matter, any other third party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those subject to the relevant Transaction Security;

“**Hedge Counterparty**” means any person which becomes Party to the Intercreditor Agreement as a Hedge Counterparty;

“**Hedging Agreement**” means, at the election of the Parent Company, any agreement entered into or to be entered into by a Debtor (or any member of the Group that is to become a Debtor) and a Hedge Counterparty in relation to a derivative or other hedging arrangement entered into (or which has or will be allocated) for any purpose not prohibited by the terms of the Debt Financing Agreements at the time the relevant agreement is entered into;

“**Insolvency Event**” means in relation to any member of the Group:

(a) any resolution is passed or order made for the liquidation, winding up, dissolution, bankruptcy, administration, provisional supervision or reorganization of that member of the Group, a suspension of payments (including any *cessation des paiements*), a moratorium is declared in relation to any indebtedness of that member of the Group or an administrator is appointed to that member of the Group (by way of voluntary arrangement, scheme of arrangement or otherwise) (including a safeguard (*procédure de sauvegarde*), an accelerated safeguard (*procédure de sauvegarde accélérée*), accelerated financial safeguard (*procédure de sauvegarde financière accelérée*), judicial reorganization (*procédure de redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) implemented pursuant to Book VI of the French Commercial Code;

(b) any composition, compromise, assignment or arrangement is made with its creditors generally by reason of anticipated financial difficulties;

(c) the appointment of any liquidator, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar officer in respect of that member of the Group (including any *administrateur judiciaire* and *liquidateur judiciaire* (but other than any *mandataire ad hoc* and *conciliateur*) pursuant to Book VI of the French Commercial Code) in respect of it or any of its assets; or

(d) any analogous procedure or step is taken in any jurisdiction,

in each case to the extent constituting an Insolvency Event of Default which is continuing;

“**Intra-Group Liabilities**” means the Liabilities owed by any member of the Group to any of the Intra-Group Lenders (excluding any Second Lien Proceeds Liabilities);

“**Intra-Group Lenders**” means each member of the Group which has made a loan available to, granted credit to or made any other financial arrangement having similar effect with a Debtor and which is named on the signing pages of the Intercreditor Agreement as an Intra-Group Lender or which becomes a Party as an Intra-Group Lender in accordance with the terms of the Intercreditor Agreement;

“**Instructing Group**” means at any time:

(a) prior to the Senior Secured Discharge Date:

(i) in relation to any Enforcement Action or other action taken with respect to the Senior Lender Liabilities Security, the Senior Lender Liabilities Guarantees or the Common Security only, the Majority Senior Creditors;

(ii) in relation to any Enforcement Action or other action taken with respect to the Senior Secured Notes Security or the Senior Secured Notes Guarantees only, the Senior Secured Notes Trustee acting on the instructions of the Majority Senior Secured Noteholders; and

(iii) in all other cases, the Majority Senior Secured Creditors; and

(b) on or after the Senior Secured Discharge Date, the Majority Second Lien Creditors;

"**Investment Instruments**" means shares of any class, loans, bonds or other equity or debt instruments issued by an entity;

"**Liabilities**" means all present and future liabilities and obligations at any time of any member of the Group to any Creditor under the Debt Documents, both actual and contingent and whether incurred solely or jointly or as principal or surety or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

(a) any refinancing, novation, deferral or extension;

(b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;

(c) any claim for damages or restitution; and

(d) any claim as a result of any recovery by any Debtor of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings;

"**Majority Second Lien Creditors**" means:

(a) at any time when there are no Second Lien Notes Liabilities outstanding, those Second Lien Creditors whose Second Lien Credit Participations at that time aggregate more than $66^2/_3$ per cent. of the total Second Lien Credit Participations at that time; and

(b) at any time when there are Second Lien Notes Liabilities, those Second Lien Creditors whose Second Lien Credit Participations at that time aggregate more than 50 per cent. of the total Second Lien Credit Participations at that time;

"**Majority Senior Creditors**" means those Senior Creditors whose Senior Credit Participations at that time aggregate more than $66^2/_3$ per cent. of the total Senior Credit Participations at that time;

"**Majority Senior Secured Creditors**" means:

(a) at any time when there are no Senior Secured Notes Liabilities outstanding, those Senior Creditors whose Senior Credit Participations at that time aggregate more than $66^2/_3$ per cent. of the total Senior Credit Participations at that time; and

(b) at any time when there are Senior Secured Notes Liabilities outstanding, those Senior Secured Creditors whose Senior Secured Credit Participations at that time aggregate more than 50 per cent. of the total Senior Secured Credit Participations at that time;

"**Majority Senior Secured Noteholders**" means, at any time, those Senior Secured Noteholders whose principal amount of outstanding Notes at that time aggregate more than 50 per cent. of the total principal amount of outstanding Notes at that time;

"**Original Senior Secured Notes Trustee**" means Citibank, N.A., London Branch;

"**Permitted Senior Secured Facilities Agreement**" means, subject to compliance with the requirements of the Intercreditor Agreement, each facility agreement or other document or instrument evidencing the terms of a loan, credit or debt facility which is not prohibited under the terms of the Senior Secured Finance Documents from ranking *pari passu* with the Senior Secured Creditor Liabilities but excluding the Term Loan B Facility

Agreement and the Revolving Facility Agreement;

"**Prior Ranking Financing Agreements**" means:

(a) when used in relation to the Second Lien Liabilities, the Term Loan B Facility Agreement, the Revolving Facility Agreement, each Permitted Senior Secured Facilities Agreement and the Senior Secured Notes Indenture; and

(b) when used in relation to the Intra-Group Liabilities, the Term Loan B Facility Agreement, the Revolving Facility Agreement, each Permitted Senior Secured Facilities Agreement, the Senior Secured Notes Indenture, the Second Lien Facility Agreement and each Second Lien Notes Indenture;

"**Second Lien Creditor Representative**" means:

(a) in relation to the Second Lien Lenders under any Second Lien Facility, a Second Lien Agent; and

(b) in relation to the Second Lien Noteholders, a Second Lien Notes Trustee;

"**Second Lien Creditors**" means the Second Lien Lenders and the Second Lien Noteholders;

"**Second Lien Discharge Date**" means the first date on which all Second Lien Liabilities have been fully and finally discharged to the satisfaction of each Second Lien Notes Trustee (in the case of the Second Lien Notes Liabilities) or Second Lien Agent (in the case of the Second Lien Lender Liabilities), whether or not as the result of an enforcement, and the Second Lien Creditors (in that capacity) are under no further obligation to provide financial accommodation to any of the Debtors under any of the Debt Documents;

"**Second Lien Finance Documents**" means the Second Lien Notes Finance Documents and the Second Lien Lender Finance Documents;

"**Second Lien Issuer/Borrower**" means the Parent Company or, a limited liability special purpose vehicle established for the purposes of borrowing or issuing Debt, being a wholly-owned Subsidiary of the Parent Company, owning no material assets (other than any rights it may have under any agreement to borrow or issue Debt or to lend such Debt to other members of the Group) and having no Subsidiaries, which is the issuer of any Second Lien Notes or, as the case may be, borrower under any Second Lien Facility Agreement;

"**Second Lien Lender Finance Documents**" has the meaning given to the term "**Finance Documents**" in a Second Lien Facility Agreement (or a term which is the same or substantially equivalent to the term "**Finance Documents**" under and as defined in the Term Loan B Facility Agreement);

"**Second Lien Notes Finance Documents**" means the Second Lien Notes, each Second Lien Notes Indenture, the Second Lien Notes Guarantees in respect of the Second Lien Notes, the Intercreditor Agreement, the Common Security Documents and any other document entered into in connection with the Second Lien Notes (which, for the avoidance of doubt, excludes any document to the extent it sets out rights of the initial purchasers of the Second Lien Notes (in their capacities as initial purchasers) against any member of the Group) and designated a Second Lien Notes Finance Document by the Parent Company and a Second Lien Notes Trustee;

"**Second Lien Proceeds Loan**" means any loan made by a Second Lien Issuer/Borrower to the Parent Company or any other member of the Group for the purposes of on lending (directly or indirectly) the proceeds of any Second Lien Loans or Second Lien Notes and whether or not also subject to the Common Security;

"**Second Lien Proceeds Loan Agreement**" means a loan agreement, instrument or other agreement documenting a Second Lien Proceeds Loan;

"**Second Lien Standstill Period**" means a period of not less than 179 days from the date on which a Second Lien Creditor Representative or Second Lien Issuer/Borrower has given notice (a "**Second Lien Enforcement Notice**") to the Common Security Agent and the Senior Secured Notes Security Agent specifying that a Second Lien Event of Default (save and except arising pursuant to a breach of any cross default provision of the Second Lien Facility Agreement by reason of a breach of financial covenant under the Term Loan B Facility Agreement, a breach of financial covenant under the Revolving Facility Agreement or any Permitted Senior

Secured Facilities Agreement or the Senior Secured Notes Indenture (as the context requires)) under the Second Lien Finance Documents or a Second Lien Proceeds Loan in respect of which it is an agent or issuer/borrower, as the case may be, has occurred and is continuing and that Second Lien Enforcement Notice has become effective;

"**Secured Creditors**" means:

(a) the Senior Secured Creditors; and

(b) the Second Lien Creditors;

"**Secured Debt Documents**" means the Senior Finance Documents, the Senior Secured Notes Finance Documents, the Second Lien Lender Finance Documents, the Second Lien Notes Finance Documents and the Hedging Agreements;

"**Secured Parties**" means the Common Security Agent, the Senior Secured Notes Security Agent, any receiver or delegate and each of the Agents, the Arrangers and the Secured Creditors from time to time but, in the case of each Agent, Arranger or Secured Creditor, only if it (or in the case of any Noteholder, the relevant Notes Trustee) is a party the Intercreditor Agreement;

"**Security Agent**" means the Senior Secured Notes Security Agent and the Common Security Agent;

"**Senior Acceleration Event**" means a Senior Agent exercising any of its rights to accelerate the facilities under the Term Loan B Facility Agreement or any substantially equivalent provisions referred to above in the Revolving Facility Agreement or each relevant Permitted Senior Secured Facilities Agreement, as the context requires;

"**Senior Agent Liabilities**" means the Agent Liabilities owed by the Debtors to each Senior Agent under or in connection with the Senior Finance Documents.

"**Senior Credit Participation**" means, in relation to a Senior Creditor, the aggregate of:

(a) its aggregate (drawn and undrawn) Senior Commitments, if any;

(b) in respect of any hedging transaction of that Senior Creditor under any Hedging Agreement that has, as of the date the calculation is made, been terminated or closed out in accordance with the terms of the Intercreditor Agreement, the amount, if any, payable to it under any Hedging Agreement in respect of that termination or close-out as of the date of termination or close-out (and before taking into account any interest accrued on that amount since the date of termination or close-out) to the extent that amount is unpaid (that amount to be certified by the relevant Senior Creditor and as calculated in accordance with the relevant Hedging Agreement); and

(c) in respect of any hedging transaction of that Senior Creditor under any Hedging Agreement that has, as of the date the calculation is made, not been terminated or closed out

(i) if the relevant Hedging Agreement is based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that Hedging Agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement); or

(ii) if the relevant Hedging Agreement is not based on an ISDA Master Agreement, the amount, if any, which would be payable to it under that Hedging Agreement in respect of that hedging transaction, if the date on which the calculation is made was deemed to be the date on which an event similar in meaning and effect (under that Hedging Agreement) to an Early Termination Date (as defined in any ISDA Master Agreement) occurred under that Hedging Agreement for which the relevant Debtor is in a position similar in meaning and effect (under that Hedging Agreement) to that of a Defaulting Party (under and as defined in the same ISDA Master Agreement), that amount, in each case, to be certified by the relevant Senior Creditor and as calculated in accordance with the relevant Hedging Agreement;

"**Senior Creditors**" means the Senior Lenders and the Hedge Counterparties;

"**Senior Distress Event**" means, following the occurrence of a Senior Acceleration Event or a Senior Secured Notes Acceleration Event which is continuing, any of each Senior Agent (acting on the instructions of the Majority Senior Lenders), the Senior Secured Notes Trustee (acting on behalf of the relevant Senior Secured Noteholders) or the relevant Senior Creditor Representative (to the extent expressly permitted by the relevant Permitted Senior Secured Facilities Agreement and acting on the instructions of the Majority Permitted Senior Secured Lenders thereunder) declaring by written notice to the relevant Security Agent, each other Agent and the Parent Company that a "**Senior Distress Event**" has occurred;

"**Senior Finance Documents**":

(a) has the meaning given to the term "**Finance Document**" in the Term Loan B Facility Agreement; and

(b) has the meaning given to any substantially equivalent term to that referred to in paragraph (a) above in the Revolving Facility Agreement or each relevant Permitted Senior Secured Facilities Agreement,

as the context requires;

"**Senior Lender Liabilities Guarantees**" means the guarantees given by the Senior Lender Liabilities Guarantors;

"**Senior Lender Liabilities Guarantor**":

(a) has the meaning given to the term "**Guarantor**" in the Term Loan B Facility Agreement; and

(b) has the meaning given to any substantially equivalent term to that referred to in paragraph (a) above in the Revolving Credit Facility Agreement and each relevant Permitted Senior Secured Facilities Agreement,

as the context requires;

"**Senior Lender Liabilities Security**" refers to security which is created, or expressed to be created, in favor of the Common Security Agent as agent or trustee for the other Senior Lender Liabilities Secured Parties in respect of the liabilities owed to them by a member of the Group under the Debt Documents (or if such security agency or trustee arrangements are not legally possible, in favor of all the Senior Lender Liabilities Secured Parties or in favor of the Common Security Agent under a parallel debt or similar structure) and which shall rank in the order of priority contemplated in the provision described under the caption "*Priority of Security*" but without prejudice to the section captioned "*Application of Proceeds*";

"**Senior Secured Creditor Liabilities**" means the Senior Lender Liabilities and the Senior Secured Notes Liabilities;

"**Senior Secured Creditors**" means the Senior Secured Notes Creditors and the Senior Creditors;

"**Senior Secured Discharge Date**" means the first date on which all Senior Secured Liabilities have been fully and finally discharged to the satisfaction of the Senior Secured Notes Trustee (in the case of the Senior Secured Notes Liabilities), each Senior Agent (in the case of the Senior Lender Liabilities) and each Hedge Counterparty (in the case of its Hedging Liabilities), whether or not as the result of an enforcement, and the Senior Secured Creditors are under no further obligation to provide financial accommodation to any of the Debtors under any of the Debt Documents;

"**Senior Secured Finance Documents**" means the Senior Secured Notes Finance Documents, the Senior Finance Documents and the Hedging Agreements;

"**Senior Secured Liabilities**" means the Senior Secured Creditor Liabilities and the Hedging Liabilities;

"**Senior Secured Notes**" means the €800,000,000 aggregate principal amount of 5.875% senior secured notes due 2024 issued by Quatrim on November 20, 2019 pursuant to the Senior Secured Notes Indenture and any additional Senior Secured Notes issued thereunder from time to time;

"**Senior Secured Notes Acceleration Event**" means:

(a) the Senior Secured Notes Trustee (or any of the Senior Secured Noteholders) exercising any rights to accelerate amounts outstanding under the Senior Secured Notes pursuant to the Senior Secured Notes Indenture; or

(b) any Senior Secured Notes Liabilities becoming due and payable by operation of any automatic acceleration provisions in any Senior Secured Notes Finance Documents,

in each case, for the avoidance of doubt, not including any declaration that any amount is payable on demand but including the exercise of any right to demand payment of an amount previously placed on demand;

"**Senior Secured Notes Creditors**" means the Senior Secured Noteholders and the Senior Secured Notes Trustee;

"**Senior Secured Notes Discharge Date**" means the first date on which all Senior Secured Notes Liabilities have been fully and finally discharged to the satisfaction of the Senior Secured Notes Trustee;

"**Senior Secured Notes Finance Documents**" means the Senior Secured Notes, the Senior Secured Notes Indenture, the Senior Secured Notes Guarantees in respect of the Senior Secured Notes, the Intercreditor Agreement, the Senior Secured Notes Security Documents and any other document entered into in connection with the Senior Secured Notes (which, for the avoidance of doubt, excludes any document to the extent it sets out rights of the initial purchasers of the Senior Secured Notes (in their capacities as initial purchasers) against any member of the Group) and designated a Senior Secured Notes Finance Document by the Parent Company and the Senior Secured Notes Trustee;

"**Senior Secured Notes Guarantee**" means each guarantee granted by a Senior Secured Notes Guarantor in favor of any Senior Secured Notes Creditor contained in any Senior Secured Notes Finance Document, but excluding any Shared Guarantee;

"**Senior Secured Notes Guarantors**" means each member of the Group which becomes a guarantor of Senior Secured Notes in accordance with the Senior Secured Notes Indenture;

"**Senior Secured Notes Indenture**" means the indenture governing the Senior Secured Notes dated November 20, 2019 among, *inter alia*, Quatrim, as issuer, Citibank, N.A., London Branch as trustee, security agent, paying agent, transfer agent and registrar, the Issuer as parent company and the Issuer, Casino Participations France S.A.S., Distribution Casino France S.A.S. and Monoprix S.A.S. as guarantors;

"**Senior Secured Notes Holdco Share Security**" means any securities account pledge granted by the Parent Company for the benefit of the Senior Lender Liabilities Secured Parties in relation to the shares of Casino Participations France it owns (representing 100 per cent of the share capital of Casino Participations France) pursuant to a securities account pledge agreement and a related statement of pledge;

"**Senior Secured Notes Secured Party**" means the Senior Secured Notes Security Agent, the Senior Secured Noteholders, any receiver or delegate, and the Senior Secured Notes Trustee from time to time but, only if it (or in the case of any Senior Secured Noteholders, the Senior Secured Notes Trustee) is a party to the Intercreditor Agreement or has acceded to the Intercreditor Agreement, in the appropriate capacity;

"**Senior Secured Notes Security**" refers to security which is created, or expressed to be created, in favor of the Senior Secured Notes Security Agent as agent, trustee or parallel debt creditor for the other Senior Secured Notes Secured Parties in respect of the liabilities owed to them by a member of the Group under the Debt Documents (or if such security agency, trustee or parallel debt creditor arrangements are not legally possible, in favor of all the Senior Secured Notes Secured Parties or in favor of the Senior Secured Notes Security Agent under an attorney-in-fact structure and/or joint and several creditorship or similar structure) and which shall rank in the order of priority set out under the caption "*Ranking and Priority*" and "*Application of Proceeds*";

"**Senior Secured Notes Security Agent**" means Citibank, N.A., London Branch, as security agent for the Senior Secured Noteholders;

"**Senior Secured Notes Trustee**" means the Original Senior Secured Notes Trustee and any entity acting as trustee or agent under any issue of Senior Secured Notes (to the extent it has acceded to the Intercreditor Agreement in such capacity);

"**Shared Claim**" means:

(a) a Shared Guarantee; and

(b) any claim with respect to any Senior Lender Liabilities to the extent that it does not benefit from Transaction Security and which is not a Shared Guarantee including, but not limited to, a principal debt claim in respect of the Senior Lender Liabilities that does not benefit from Transaction Security;

"**Shared Guarantees**" means each guarantee which does not benefit from any Security given for the benefit of the Senior Lender Liabilities Secured Parties and the Senior Secured Notes Secured Parties;

"**Shared Obligor**" means a Shared Guarantor and any borrower in respect of any Senior Lender Liabilities including as at the date of the Intercreditor Agreement, the Company, Monoprix S.A.S. and Casino Finance S.A.; and

"**Transaction Security**" means the Common Security, the Senior Lender Liabilities Security and the Senior Secured Notes Security.

Ranking and Priority

Priority of Debts

The Intercreditor Agreement provides that the liabilities owed by the Debtors to the creditors under the Revolving Credit Facility and the Term Loan B Facility, certain hedging obligations and any permitted senior secured facility (together with the Revolving Credit Facility and the Term Loan B Facility, the "**Permitted Senior Secured Facilities**"), the Senior Secured Notes, any second lien facility (a "**Second Lien Facility**") or second lien notes or other debt instruments ("**Second Lien Notes**") designated as such by the Parent Company shall rank, subject to the provisions set out under the caption "*Application of Proceeds*", in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- first, the liabilities of the lenders under the Permitted Senior Secured Facilities (each a "**Senior Lender**" and such liabilities the "**Senior Lender Liabilities**"), any liabilities of any holder of Senior Secured Notes (a "**Senior Secured Noteholder**") or the trustee or Senior Secured Notes Security Agent in respect of Senior Secured Notes (a "**Senior Secured Notes Finance Party**" and such liabilities the "**Senior Secured Notes Liabilities**"), the liabilities in relation to certain permitted hedging (the "**Hedging Liabilities**"), amounts due to the Senior Secured Notes Trustee, amounts due to a trustee of any Second Lien Notes, amounts due to each Senior Agent under the Permitted Senior Secured Facilities, amounts due to any facility agent under a Second Lien Facility (other than in each case any liabilities in respect of parallel debt) *pari passu* and without any preference between them; and
- second, the liabilities owed to any lender under a Second Lien Facility (a "**Second Lien Lender**" and such liabilities the "**Second Lien Lender Liabilities**") and the liabilities owned to any holder of Second Lien Notes (a "**Second Lien Noteholder**" and such liabilities the "**Second Lien Notes Liabilities**" and, together with the Second Lien Lender Liabilities, the "**Second Lien Liabilities**") *pari passu* between themselves and without any preference between them.

Priority of Security

The Senior Secured Notes Security shall, subject to the provisions set out under the caption "*Application of Proceeds*", rank and secure the following liabilities (only to the extent that such security is expressed to secure the relevant liabilities) in the following order:

- first, the liabilities owed to the Senior Secured Notes Security Agent and amounts due to the Senior Secured Notes Trustee (other than in each case any liabilities in respect of parallel debt) (the "**Senior Secured Notes Trustee Amounts**"), *pari passu* and without any preference between them; and
- second, the Senior Secured Notes Liabilities *pari passu* and without any preference between them.

The Senior Lender Liabilities Security shall, subject to the provisions set out under the caption "*Application of Proceeds*", rank and secure the following liabilities (only to the extent that such security is expressed to secure the relevant liabilities) in the following order:

- first, the liabilities owed to the Common Security Agent and the Senior Agent Liabilities (other than in each case any liabilities in respect of parallel debt), *pari passu* and without any preference between them;
- second, the Senior Lender Liabilities and the Hedging Liabilities, *pari passu* and without any preference between them.

The Common Security shall, subject to the provisions set out under the caption "*Application of Proceeds*", rank and secure the following liabilities (only to the extent that such security is expressed to secure the relevant liabilities) in the following order:

- first, the liabilities owed to the Common Security Agent and the Senior Agent Liabilities, amounts due to any facility agent under a Second Lien Facility or due to a trustee of any Second Lien Notes (other than in each case any liabilities in respect of parallel debt) (the "**Second Lien Agent Liabilities**"), *pari passu* and without any preference between them;
- second, the Senior Lender Liabilities and the Hedging Liabilities *pari passu* and without any preference between them; and
- third, the Second Lien Lender Liabilities and the Second Lien Notes Liabilities *pari passu* and without any preference between them.

On the issue date of the Senior Secured Notes (*i.e.*, November 20, 2019), no Second Lien Lender Liabilities or Second Lien Notes Liabilities was outstanding.

Second Lien Liabilities and security

Until the Senior Secured Notes Discharge Date, no member of the Group shall incur or otherwise be a debtor in respect of any Second Lien Liabilities.

The Second Lien Liabilities are entitled to benefit from certain security including the Common Security.

Notwithstanding the above paragraph, until the Senior Secured Discharge Date, the Second Lien Creditors may not take any Enforcement Action, other than as expressly permitted by the Intercreditor Agreement.

Intra-Group Liabilities

The Intercreditor Agreement provides that the Intra-Group Liabilities are postponed and subordinated to the liabilities owed by the Debtors to the Secured Creditors.

The Intercreditor Agreement does not purport to rank any of the Intra-Group Liabilities or Second Lien Proceeds Loan Liabilities as between themselves.

Anti-Layering

The Intercreditor Agreement provides that, for so long as any Second Lien Liabilities are outstanding, until the Second Lien Discharge Date, no debtor shall, without the prior consent of the Majority Second Lien Creditors, issue or allow to remain outstanding any liabilities that:

(a) are secured or expressed to be secured by Transaction Security on a basis junior to the Senior Secured Liabilities but senior to the Second Lien Liabilities;

(b) are expressed to rank or rank so that they are subordinated to any of the Senior Secured Liabilities but are senior to the Second Lien Liabilities; or

(c) are contractually subordinated in right of payment to the Senior Secured Liabilities and senior in right of payment to the Second Lien Liabilities.

The paragraph above shall not prevent:

(a) subordination arising by operation of law; or

(b) a Debtor (or any other member of the Group) from incurring additional Senior Secured Liabilities in accordance with the terms of the Senior Secured Finance Documents which are expressed to be secured by the Transaction Security on a pari passu basis to the other Senior Secured Liabilities.

Restrictions Relating to Senior Secured Notes Liabilities

Subject to the provisions described under the caption "*Enforcement of Security—Consultation Period*", the Parent Company and the Debtors may make payment on the Senior Secured Notes Liabilities at any time, provided that following a Senior Distress Event which is continuing, payments may only be made by Debtors and received by creditors in accordance with the provisions described under the caption "*Application of Proceeds*".

The Intercreditor Agreement provides that the Senior Secured Notes Creditors, the Parent Company and the Debtors may at any time amend or waive any of the terms of the Senior Secured Notes Finance Documents in accordance with their respective terms from time to time (and subject only to any consent required under them) if:

(a) that amendment or waiver does not breach another term of the Intercreditor Agreement; and

(b) that amendment or waiver does not directly or indirectly create an event of default or potential event of default under the Secured Debt Documents.

Security and Guarantees: Senior Secured Notes Creditors

(a) Subject to paragraph (b) below, the Senior Secured Notes Creditors (and/or any person acting on behalf any of them) may not take, accept or receive the benefit of any security from any member of the Group in respect of any of the Senior Secured Notes Liabilities.

(b) The Senior Secured Notes Creditors (and/or any person acting on behalf any of them) may take, accept or receive the benefit of:

(i) any Senior Secured Notes Security granted in favor of the Senior Secured Notes Creditors by Quatrim (or any of its subsidiaries) and any additional Senior Secured Notes Security from any member of the Group in respect of any of the Senior Secured Notes Liabilities, provided that the granting of such Senior Secured Notes Security is not prohibited by the terms of the Secured Debt Documents;

(ii) any guarantee, indemnity or other assurance against loss from any member of the Group in respect of any of the Senior Secured Notes Liabilities in:

(A) the original form of the Senior Secured Notes Indenture;

(B) the Intercreditor Agreement; or

(C) any Common Assurance,

provided that, (other than with respect to any guarantee, indemnity or other assurance against loss from the Issuer or any of its subsidiaries) to the extent legally possible and subject to the Agreed Security Principles, at the same time it is also offered to the other Secured Parties in respect of their Liabilities and ranks in the same order of priority as that contemplated above in the section captioned "*Ranking and Priority*", *provided* that all amounts actually received or recovered by any Senior Secured Notes Creditor with respect to any such guarantee, indemnity or other assurance against loss shall be applied in accordance with the section captioned "*Application of Proceeds*";

(iii) any guarantee, indemnity or other assurance against loss from any member of the Group in connection with:

(A) any escrow or similar or equivalent arrangements entered into in respect of amounts which are being held (or will be held) by a person which is not a member of the Group prior to release of those amounts to a member of the Group; or

(B) any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Senior Secured Notes Liabilities to the extent that such defeasance, redemption, prepayment, repayment, purchase or other discharge is not prohibited by the terms of the Intercreditor Agreement; and

(iv) any guarantee, indemnity or other assurance against loss from the Issuer or any of its Restricted Subsidiaries.

Restriction on Enforcement: Senior Secured Notes Creditors

The Intercreditor Agreement provides that, subject the section captioned "*Consultation Period*", the Senior Secured Notes Creditors may not take action specified in paragraphs (c), (d) or, prior to an insolvency event in relation to the Issuer or a Debtor, (e) of the definition of Enforcement Action below without the prior written consent of the applicable Instructing Group.

Restrictions Relating to Senior Lender Liabilities

Subject to certain provisions of the Intercreditor Agreement in respect of hedging liabilities, the Parent Company and the Debtors may make payment on the Senior Lender Liabilities at any time, provided that following a Senior Distress Event which is continuing, payments may only be made by Debtors and received by creditors in accordance with the provisions described under the caption "*Application of Proceeds*".

The Intercreditor Agreement provides that the Senior Creditors, the Parent Company and the Debtors may at any time amend or waive any of the terms of the Senior Secured Finance Documents in accordance with their respective terms from time to time (and subject only to any consent required under them) if:

(a) that amendment or waiver does not breach another term of the Intercreditor Agreement; and

(b) that amendment or waiver does not directly or indirectly create an event of default or potential event of default under the Secured Debt Documents.

Security and guarantees: Senior Creditors

The Senior Creditors (and/or any person acting on behalf any of them) may take, accept or receive the benefit of:

(a) any Security from any member of the Group in respect of any of the Senior Lender Liabilities, in addition to the Senior Lender Liabilities Security *provided* that, to the extent not prohibited by the terms of the Senior Secured Notes Finance Documents until the Senior Secured Notes Discharge Date and to the extent legally possible and subject to the Agreed Security Principles, at the same time it is also offered either:

(i) to the Common Security Agent as trustee or agent for the other Senior Lender Liabilities Secured Parties in respect of their Liabilities; or

(ii) in the case of any jurisdiction in which effective Security cannot be granted in favor of the Common Security Agent as trustee or agent for the Senior Lender Liabilities Secured Parties:

(A) to the other Senior Lender Liabilities Secured Parties in respect of their Liabilities; or

(B) to the Common Security Agent under a parallel debt or attorney-in-fact structure for the benefit of the other Senior Lender Liabilities Secured Parties, and ranks in the same order of priority as that contemplated in the provision described under the caption "*Ranking and Priority*", *provided* that all amounts actually received or recovered by any Senior Creditor with respect to any such Security shall immediately be paid to the Common Security Agent and applied in accordance with the provisions described under the caption "*Application of Proceeds*" and such Security may only be enforced in accordance with the provision described under the caption "*Security held by other Creditors*";

(b) any guarantee, indemnity or other assurance against loss from any member of the Group in respect of any of the Senior Lender Liabilities, in addition to those in:

(i) the original form of Term Loan B Facility Agreement and the Revolving Credit Facility Agreement or any Permitted Senior Secured Facilities Agreement;

(ii) the Intercreditor Agreement; or

(iii) any Common Assurance,

provided that, to the extent legally possible and subject to the Agreed Security Principles, at the same time it is also offered to the other Secured Parties in respect of their Liabilities and ranks in the same order of priority as that contemplated in the provision described under the caption "*Ranking and Priority*", *provided* that all amounts actually received or recovered by any Senior Creditor with respect to any such guarantee, indemnity or other assurance against loss shall immediately be paid to the Common Security Agent and applied in accordance with the section captioned "*Application of Proceeds*"; and

(c) any Security, guarantee, indemnity or other assurance against loss from any member of the Group in connection with:

(i) any escrow or similar or equivalent arrangements entered into in respect of amounts which are being held (or will be held) by a person which is not a member of the Group prior to release of those amounts to a member of the Group; or

(ii) any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Senior Lender Liabilities and/or Liabilities under any Permitted Senior Secured Facilities Agreement (in each case *provided* that such defeasance, redemption, prepayment, repayment, purchase or other discharge is not prohibited by the terms of the Intercreditor Agreement).

Restriction on Enforcement: Senior Creditors

Subject to the provisions described under the caption "*Enforcement of Security—Consultation Period*", the Intercreditor Agreement provides that, subject the section captioned "*Consultation Period*", the Senior Creditors may not take action specified in paragraphs (c), (d) or, prior to an insolvency event in relation to the Issuer or a Debtor, (e) of the definition of Enforcement Action below without the prior written consent of an Instructing Group.

Option to purchase: Senior Creditors

After the occurrence of a Distress Event (and until an Appropriation occurs in respect of Investment Instruments issued by a member of the Group), Senior Creditors may elect to purchase the Senior Secured Notes Liabilities for the amount that would have been required to prepay or redeem such liabilities on such date plus certain costs and expenses.

Restrictions Relating to Second Lien Liabilities

The Intercreditor Agreement contains provisions governing permitted payments of Second Lien Liabilities and the various circumstances in which Second Lien Creditors (defined below) may take enforcement action prior to the Senior Secured Discharge Date. On the issue date of the Senior Secured Notes (*i.e.*, November 20, 2019), no Second Lien Liabilities was incurred by the Group.

Prior to the Senior Secured Discharge Date, the members of the Group may only make payments in respect of the Second Lien Liabilities, in accordance with the finance documents governing such Second Lien Liabilities, subject to compliance with certain conditions in the Intercreditor Agreement The principal conditions are that the relevant payment is not prohibited by the Revolving Credit Facility Agreement or the Term Loan B Facility Agreement (or any other facility agreement evidencing Senior Lender Liabilities) or the Senior Secured Notes Indenture (or if it is so prohibited, the required consent has been obtained), no payment stop notice has been issued to the Second Lien Agent or the trustee in respect of any Second Lien Notes (the "**Second Lien Notes Trustee**") and is outstanding, and no Senior Secured Payment Default (defined below) is continuing.

Option to purchase: Second Lien Creditors

After the occurrence of a Senior Distress Event or for so long as either (i) a Second Lien Payment Stop Notice, or (ii) a Second Lien Standstill Period is outstanding (and until an Appropriation occurs in respect of Investment Instruments issued by a member of the Group), Second Lien Creditors may elect to purchase the Senior Lender Liabilities and Senior Secured Notes Liabilities for the amount that would have been required to prepay or redeem such liabilities on such date plus certain costs and expenses. Second Lien Creditors must also elect for the counterparties to hedging obligations to transfer their Hedging Liabilities to holders in exchange for the amount that would have been payable under such hedging obligations had they been terminated on such date plus certain costs and expenses in connection with any such purchase.

Effect of Insolvency Event; Filing of Claims

The Intercreditor Agreement provides that, after the occurrence of an Insolvency Event in relation to any member of the Group, any party entitled to receive a distribution out of the assets of that member of the Group in respect of liabilities owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Group to pay that distribution to the relevant Security Agent until the liabilities owing to the Secured Parties have been paid in full. In this respect, each Security Agent shall apply distributions paid to it in accordance with the provisions set out under the caption "*Application of Proceeds*" below.

Generally, to the extent that Liabilities of any member of the Group are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that member of the Group, any creditor which benefited from that set-off shall pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to each Security Agent for application in accordance with the provisions set out in the caption "*Application of Proceeds*" below.

If a Security Agent or any other Secured Party receives a distribution in a form other than in cash in respect of any of the liabilities owed to them by a member of the Group, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards such liabilities.

After the occurrence of an Insolvency Event in relation to any member of the Group, each Creditor irrevocably authorizes the applicable Security Agent, on its behalf, to:

(a) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement) against that member of the Group;

(b) demand, sue, prove and give receipt for any or all liabilities of that member of the Group;

(c) collect and receive all distributions on, or on account of, any or all liabilities of that member of the Group; and

(d) file claims, take proceedings and do all other things the Common Security Agent or Senior Secured Notes Security Agent (as applicable) considers reasonably necessary to recover the liabilities of that member of the Group.

Each creditor will (i) do all things that the relevant Security Agent reasonably requests in order to give effect to the matters disclosed under this section and (ii) if the relevant Security Agent is not entitled to take any of the actions contemplated by this section or if the relevant Security Agent requests that a creditor take that action, undertake that action itself in accordance with the instructions of the relevant Security Agent or grant a power of attorney to the relevant Security Agent on such terms as the relevant Security Agent may reasonably require, (although no trustee shall be under any obligation to grant such powers of attorney) to enable the relevant Security Agent to take such action.

Turnover

Turnover by the Senior Creditors

Subject to certain exceptions including the provisions captioned "*Turnover by the Senior Secured Creditors*", the Intercreditor Agreement provides that if any Senior Creditor receives or recovers from any member of the Group:

(i) any payment or distribution of, or on account of or in relation to, any of the liabilities owed to the Senior Creditors under the Debt Documents which is not either (A) a Permitted Payment or (B) made in accordance with the provisions set out below under the caption "*Application of Proceeds*";

(ii) any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to Permitted Payment (or another payment or distribution not otherwise prohibited by the terms of the Intercreditor Agreement);

(iii) any amount:

(A) on account of, or in relation to, any of the liabilities owed to the creditors under the debt documents:

(1) after the occurrence of a Distress Event; or

(2) as a result of any other litigation or proceedings against a member of the Group (other than after the occurrence of an Insolvency Event in respect of that member of the Group); or

(B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of a Distress Event,

other than, in each case:

(C) any amount received or recovered in accordance with the provisions set out below the caption "*Application of Proceeds*"; and

(D) in the case of the Intra-Group Liabilities, any amount received or recovered in accordance with the Intercreditor Agreement to the extent permitted to be received or recovered notwithstanding that an Acceleration Event is continuing; or

(iv) the proceeds of any enforcement of any of the Senior Lender Liabilities Security, Common Security, Senior Lender Liabilities Guarantee, any Cash Proceeds, in each case, except in accordance with the provisions set out below under the caption "*Application of Proceeds*",

that Senior Creditor will: (i) in relation to receipts and recoveries not received or recovered by way of set-off (A) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust (or otherwise on behalf and for the account of) for the Common Security Agent and promptly pay or distribute that amount to the Common Security Agent for application in accordance with the terms of the Intercreditor Agreement and (B) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Common Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set- off, promptly pay an amount equal to that recovery to the Common Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover by the Senior Secured Notes Creditors

The Intercreditor Agreement includes a separate turnover provision which mirrors the turnover provisions described above under "—*Turnover by the Senior Creditors*" and applies to the Senior Secured Notes Creditors and the Senior Secured Notes Security Agent in relation to amounts received or recovered from any member of the Group in connection with the Senior Secured Notes Security or the Senior Secured Notes Guarantees only.

Turnover by the Senior Secured Creditors

The Intercreditor Agreement includes a separate turnover provision which mirrors the turnover provisions described above under "—*Turnover by the Senior Creditors*" and applies to the Senior Secured Creditors and the Common Security Agent in relation to amounts received or recovered from any member of the Group in connection with Shared Claims only.

Turnover by the Second Lien Creditors

The Intercreditor Agreement includes a separate turnover provision which mirrors the turnover provisions described above under "—*Turnover by the Senior Creditors*" and applies to the Second Lien Creditors and the Common Security Agent in relation to amounts received or recovered from any member of the Group in connection with the Second Lien Liabilities.

Enforcement of Security

Enforcement Instructions—Common Security

The Common Security Agent may refrain from enforcing the Common Security unless instructed otherwise by (i) the Instructing Group; (ii) if required under the third paragraph of this section, the Second Lien Agent or Second Lien Notes Trustee (acting on the instructions of the Majority Second Lien Creditors).

Subject to the Common Security having become enforceable in accordance with its terms (i) the Instructing Group; or (ii) to the extent permitted to enforce or to require the enforcement of the Common Security prior to the Senior Secured Discharge Date under the provisions set out under the provisions under the Intercreditor Agreement relating to enforcement of security by Second Lien Creditors, the Second Lien Creditor Representatives (acting on the instructions of the Majority Second Lien Creditors), as applicable, may give, or refrain from giving, instructions to the Common Security Agent to enforce, or refrain from enforcing, the Common Security as they see fit.

Prior to the Senior Secured Discharge Date, (i) if the Instructing Group has instructed the Common Security Agent not to enforce or to cease enforcing the Common Security or (ii) in the absence of instructions from the Instructing Group, and, in each case, the Instructing Group has not required any Debtor to make a Distressed Disposal (as described below), the Common Security Agent gives effect to any instructions to enforce the Common Security which the Majority Second Lien Creditors are then entitled to give to the Common Security Agent under the provisions under the Intercreditor Agreement relating to enforcement of security by Second Lien Creditors.

No Secured Party has any independent power to enforce, or to have recourse to enforce, any Common Security or to exercise any rights or powers arising under the security documents governing such Common Security except through the Common Security Agent.

Manner of Enforcement—Common Security

If the Common Security is being enforced as set forth above under the caption "*Enforcement Instructions—Common Security*", the Common Security Agent shall enforce the Common Security in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Common Security Agent) as:

- the Instructing Group; or
- prior to the Senior Discharge Date, if (i) the Common Security Agent has, pursuant to the third paragraph of the preceding section, received instructions given by the Majority Second Lien Creditors to enforce the Common Security; and (ii) the Instructing Group has not given instructions as to the manner of enforcement of the Common Security, the Majority Second Lien Creditors,

shall instruct.

Enforcement Instructions—Senior Secured Notes Security

The Senior Secured Notes Security Agent may refrain from enforcing the Senior Secured Notes Security unless instructed otherwise by the Instructing Group.

Subject to the Senior Secured Notes Security having become enforceable in accordance with its terms (i) the Senior Secured Notes Trustee acting on the instructions of the Majority Senior Secured Noteholders may give, or refrain from giving, instructions to the Senior Secured Notes Security Agent to enforce, or refrain from enforcing, the Senior Secured Notes Security as they see fit.

No Senior Secured Notes Secured Party has any independent power to enforce, or to have recourse to enforce, any Senior Secured Notes Security or to exercise any rights or powers arising under the security documents governing such Senior Secured Notes Security except through the Senior Secured Notes Security Agent.

Manner of Enforcement—Senior Secured Notes Security

If the Senior Secured Notes Security is being enforced as set forth above under the caption "*Enforcement Instructions— Senior Secured Notes Security*", the Senior Secured Notes Security Agent enforces the Senior Secured Notes Security in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Senior Secured Notes Security Agent or Senior Secured Notes Trustee acting on the instructions of the Majority Senior Secured Noteholders) as the Majority Senior Secured Noteholders shall instruct.

Enforcement Instructions—Senior Lender Liabilities Security

The Common Security Agent may refrain from enforcing the Senior Lender Liabilities Security unless instructed otherwise by the Majority Senior Lenders.

Subject to the Senior Lender Liabilities having become enforceable in accordance with its terms (i) the Majority Senior Lenders may give, or refrain from giving, instructions to the Common Security Agent to enforce, or refrain from enforcing, the Senior Lender Liabilities Security as they see fit.

No Secured Party has any independent power to enforce, or to have recourse to enforce, any Senior Lender Liabilities Security or to exercise any rights or powers arising under the security documents governing such Senior Lender Liabilities Security except through the Common Security Agent.

Notwithstanding anything to the contrary in this section, if Senior Secured Notes have been issued and any Senior Secured Notes Liabilities are outstanding, the Common Security Agent shall not enforce the Senior Secured Notes Holdco Share Security until after the date on which the Senior Secured Notes Security Agent has enforced the Real Estate Company Share Security or all Senior Secured Notes Liabilities have otherwise been fully and finally discharged to the satisfaction of the Senior Secured Notes Trustee.

Manner of Enforcement—Senior Lender Liabilities Security

If the Senior Lender Liabilities Security is being enforced as set forth above under the caption "*Enforcement Instructions—Senior Lender Liabilities Security*", the Common Security Agent shall enforce the Senior Lender Liabilities Security in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Common Security Agent) as the Majority Senior Lenders shall instruct.

Exercise of Voting Rights

Each intra-group lender agrees (to the fullest extent permitted by law at the relevant time) with each Security Agent that it will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Common Security Agent. The Common Security Agent shall give instructions for the purposes of this paragraph as directed by the Majority Senior Lenders.

Waiver of Rights

To the extent permitted under applicable law and subject to certain provisions of the Intercreditor Agreement, each of the Secured Parties and the Debtors waives all rights it may otherwise have to require that the security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations is so applied.

Duties Owed

Pursuant to the Intercreditor Agreement, each of the Secured Parties and the Debtors acknowledges that, in the event that the Common Security Agent enforces, or is instructed to enforce, any Common Security prior to the Senior Secured Discharge Date, the duties of the Common Security Agent and of any receiver or delegate owed to the creditors in respect of the Second Lien Liabilities (the "**Second Lien Creditors**") in respect of the method, type and timing of that enforcement or of the exploitation, management or realization of any of that Common Security shall (subject to certain provisions of the Intercreditor Agreement) be no different to or greater than the duty that is owed by the Common Security Agent, receiver or delegate to the Debtors under general law. The duty of care owed (whether under the Intercreditor Agreement or under general law) by the Common Security Agent to the Second Lien Creditors shall be the same whether or not the Second Lien Creditors are a creditor of the relevant entity in respect of which Enforcement Action is being taken or are beneficiaries of the security which is being enforced. The Common Security Agent is obliged to promptly notify the Second Lien Creditors of the scheduling of any proceedings in relation to any Enforcement Action with respect to the Common Security.

Security Held by Other Creditors

If any Common Security or Senior Lender Liabilities Security is held by a creditor other than the Common Security Agent, then creditors may only enforce that Common Security or Senior Lender Liabilities Security, as applicable, in accordance with instructions given by the relevant Instructing Group in accordance with the provisions described in this section captioned "*Enforcement of Security*" (and for this purpose references to the Common Security Agent shall be construed as references to that creditor).

If any Senior Secured Notes Security is held by a creditor other than the Senior Secured Notes Security Agent, then creditors may only enforce that Senior Secured Notes Security in accordance with instructions given by the relevant Instructing Group in accordance with the provisions described in this section captioned "*Enforcement of Security*" (and for this purpose references to the Senior Secured Notes Security shall be construed as references to that creditor).

Retention of Security

Notwithstanding anything to the contrary in the Intercreditor Agreement, if a Security Agent reasonably considers that any amount paid or credited to any Secured Party under any Secured Debt Document is capable of being avoided or otherwise set aside in the context of insolvency proceedings or any similar event relating to the relevant member of the Group who has granted the relevant Transaction Security or any other Debtor, (i) this amount will be considered as not having been paid for the purposes of determining whether the Secured Liabilities have been definitively discharged in full and (ii) the relevant Security Agent shall be entitled not to release the relevant Transaction Security and shall incur no liability in this respect.

Consultation Period

Subject to the paragraph below, before giving any instructions to the relevant Security Agent to (i) enforce the security or (ii) take any other Enforcement Action, the Agent(s) of the creditors represented in the Instructing Group concerned shall consult with each other Agent and the other Security Agent in good faith about the instructions to be given by the Instructing Group for a period of up to three (3) months (or such shorter period as each other Agent and the relevant Security Agent shall agree) (the "**Consultation Period**"), and only following the expiry of a Consultation Period, shall the Instructing Group be entitled to give any instructions to the relevant Security Agent to (i) enforce the security or (ii) take any other Enforcement Action.

No Agent shall be obliged to consult in accordance with the paragraph above and the Instructing Group shall be entitled to give any instructions to the relevant Security Agent to enforce the security or take any other Enforcement Action prior to the end of a Consultation Period if:

(i) the security has become enforceable as a result of an Insolvency Event (including for this purpose the opening of conciliation proceedings, *mandat ad hoc* or safeguard (including *sauvegarde accélérée* and *sauvegarde financière accélérée*) proceedings)); or

(ii) the Instructing Group or any Agent of the creditors represented in the Instructing Group determines in good faith (and notifies each other Agent and the relevant Security Agent) that to enter into such consultations and thereby delay the commencement of enforcement of the security would reasonably be expected to have a material adverse effect on:

(A) the relevant Security Agent's ability to enforce any of the security; or

(B) the realization proceeds of any enforcement of the security.

Payment of a Soulte

The expressions "**Hedging Liabilities**", "**Second Lien Lender Liabilities**", "**Second Lien Notes Liabilities**", "**Senior Lender Liabilities**", "**Senior Secured Notes Liabilities**", include the amount of any Soulte paid or owed but not yet paid by the Creditors pursuant to the provisions summarized below.

"**Appropriation**" means the appropriation (or similar process) of the shares in the capital of a member of the Group by a Security Agent (or any receiver or delegate) which is effected (to the extent permitted under the relevant Security Document and applicable law) by enforcement of the relevant Transaction Security;

"**Relevant Security Enforcement**" means any Appropriation by, or attribution to, the Secured Parties of any charged property as a result of the enforcement of any Security governed by French law; and

"**Soulte**" means, in relation to any Relevant Security Enforcement occurring by way of Appropriation (including pursuant to a *pacte commissoire* or any similar enforcement mechanism) or judicial foreclosure of any Security Document governed by French law, the amount by which the value of the charged property appropriated or foreclosed pursuant to that Relevant Security Enforcement exceeds the amount of obligations secured by that Security Document which is discharged as a result of that Relevant Security Enforcement being carried out.

If following any Relevant Security Enforcement in connection with the enforcement of any Security governed by French law, a Soulte is owed by the relevant Secured Parties to any Debtor, that Debtor agrees that such Soulte shall only become due and payable by the Secured Parties (which have participated in the Relevant Security Enforcement (*pro rata* to the amount of Liabilities owing to such Secured Parties which have been extinguished), on the earlier of:

(i) the date which is 12 months after the date on which such Relevant Security Enforcement occurs; and

(ii) the Final Discharge Date.

Any payment of the Soulte in accordance with the forgoing provisions to any Debtor which shall occur prior to the Final Discharge Date shall be paid to a bank account of the relevant Debtor held with the Common Security Agent or Senior Secured Notes Security Agent, as applicable, and pledged in a manner satisfactory to the relevant Security Agent acting on behalf of the relevant Secured Parties as security for any obligations of the relevant Debtor to the relevant creditors under any of the Debt Documents to which they are a party including any obligation under the Intercreditor Agreement to pay back any Recoveries or any amounts to be turned over pursuant to clawback on or prior to the Final Discharge Date. This pledge agreement shall include an irrevocable instruction from the relevant Debtor to make from such pledged bank accounts any payment required to be fulfilled under the Intercreditor Agreement or any relevant Debt Document.

Proceeds of Disposals

Non-Distressed Disposals

"**Debt Financing Agreements**" means the Revolving Credit Facility Agreement, the Term Loan B Facility Agreement and any Permitted Senior Secured Facilities Agreement, the Senior Secured Notes Indenture, any Second Lien Facility Agreement, any indenture relating to any Second Lien Notes.

The relevant Security Agent agrees (and is irrevocably authorized and instructed without any consent, sanction, authority or further confirmation from any creditor or Debtor) that it shall (at the request and cost of the relevant Debtor or the Parent Company) promptly release from the Transaction Security and the Secured Debt

Documents:

(i) any security (and/or any other claim relating to a Debt Document) over any asset which is the subject of:

(A) a disposal not prohibited by the terms of the Debt Financing Agreements; or

(B) any other transaction not prohibited by the terms of the Debt Financing Agreements pursuant to which that asset will:

(1) cease to be held or owned by a member of the Group; and/or

(2) become subject to security which is not prohibited by the Debt Financing Agreements provided such release is expressly contemplated in the Debt Financing Agreements;

(ii) any security (and/or any other claim relating to a Debt Document) over any document or other agreement requested in order for any member of the Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any obligations or take any action in relation to that document or agreement in each case to the extent not prohibited by the terms of any Debt Financing Agreement;

(iii) any security over an asset if the release of Security over such asset is required in order to enter into, effect, implement or complete any merger, consolidation, reorganization or any other similar transaction in each case to the extent not prohibited by the terms of the Debt Financing Agreements and without prejudice to any obligation in any Debt Document to provide replacement security;

(iv) any security (and/or any other claim relating to a Debt Document) over any asset of any member of the Group which has ceased to be a Debtor; and

(v) any security (and/or any other claim relating to a Debt Document) over any other asset to the extent that such release is in accordance with the terms of the Debt Financing Agreements,

in each case provided that the provisions of this paragraph shall not operate so as to override any provision in any Debt Financing Agreement that expressly requires the consent of a particular group of Secured Creditors to effect such release.

For the purpose of the above, in the case of a disposal of shares in a Debtor, or any other transaction pursuant to which a Debtor will cease to be a member of the Group, the relevant Security Agent shall promptly release (or procure that any other relevant person releases) that Debtor and its subsidiaries from all present and future liabilities (both actual and contingent) under the Secured Debt Documents or any Second Lien Proceeds Loan and the respective assets of such Debtor and its subsidiaries (and the shares in any such Debtor and/or subsidiary) from the Transaction Security and the Secured Debt Documents (including any claim relating to a Debt Document and any guarantee liabilities or other liabilities under the Debt Documents).

When making any request for a release pursuant to paragraph (i), (ii), (iii), (iv) or (v) of the first paragraph of this section, the Parent Company shall confirm in writing to the relevant Security Agent that:

(i) in the case of any release requested pursuant to paragraph (i), (ii), (iii) or (iv) in this section above, the relevant disposal or other action is not prohibited by the terms of any Debt Financing Agreement (or to the extent required, that the consent of the relevant group of Secured Creditors to such release has been obtained); or

(ii) in the case of any release requested pursuant to paragraph (v) in this section above, the relevant release is in accordance with terms of the Debt Financing Agreements,

and the relevant Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

The relevant Security Agent shall (at the cost and expense of the relevant Debtor or the Parent Company but without the need for any further consent, sanction, authority or further confirmation from any creditor or Debtor) promptly enter into (or procure that any relevant person enters into) and deliver such documentation as the Parent Company (acting reasonably) shall require to give effect to any release contemplated by the provisions described in this section titled "*Non-Distressed Disposals*" (including the issuance of any certificates of non-crystallization of floating charges, any consent to dealing or any other similar or equivalent document that may be required or desirable).

If requested by the Parent Company in accordance with the terms of any of the Debt Financing Agreements, the relevant Security Agent and the other creditors shall (at the cost of the relevant Debtor and/or the Parent Company) promptly execute any guarantee, security or other release and/or any amendment, supplement or other documentation relating to the relevant security documents as contemplated by the terms of any of the Debt Financing Agreements (and the relevant Security Agent is authorized to execute, and will promptly execute if requested by the Parent Company, without the need for any further consent, sanction, authority or further confirmation from any creditor, any such release or document on behalf of the creditors). The Parent Company shall confirm in writing to the relevant Security Agent that such request is in accordance with the terms of a Debt Financing Agreement and the relevant Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

Notwithstanding anything to the contrary in the Second Lien Finance Documents, if any member of the Group is required or permitted under the Prior Ranking Financing Agreement(s) to apply the proceeds of any disposal or other transaction in prepayment, redemption or any other discharge or reduction of any liabilities under such Prior Ranking Financing Agreements:

(i) no such application of those proceeds shall require the consent of any Party or Second Lien Creditor or will result in a direct or indirect breach of any Second Lien Finance Document; and

(ii) any such application shall discharge in full any obligation to apply those proceeds in prepayment, redemption or any other discharge or reduction of any Second Lien Liabilities.

The paragraph above is without prejudice to any right of any member of the Group to apply any proceeds of any disposal or other transaction in prepayment, redemption or any other discharge or reduction of any Second Lien Liabilities to the extent permitted or contemplated by the Intercreditor Agreement or any Prior Ranking Finance Agreements.

Distressed Disposals and Appropriation

A "**Distressed Disposal**" is a disposal of an asset or shares of a member of the Group which is (a) being effected at the request of an Instructing Group in circumstances where the Common Security, Senior Lender Liabilities Security or Senior Secured Notes Security has become enforceable in accordance with the terms of the relevant Security Documents, (b) being effected by enforcement of the Common Security, Senior Lender Liabilities Security or Senior Secured Notes Security (other than the exercise of any Ancillary Enforcement Rights) in accordance with the terms of the relevant Security Documents (including the disposal of any Property of any member of the Group, the shares in which have been subject to an Appropriation); or (c) being effected, after the occurrence of a Distress Event, by a Debtor to a person or persons which is not a member of the Group.

If a Distressed Disposal or an Appropriation is being effected, the Common Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Parent Company and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

(i) to release the Common Security, Senior Lender Liabilities Security or any other claim over that asset which is the subject of the Distressed Disposal or Appropriation and execute and deliver or enter into any release of that Common Security, Senior Lender Liabilities Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Common Security Agent, be considered necessary or desirable;

(ii) if the asset which is subject to the Distressed Disposal or Appropriation consists of shares in the capital of a Debtor to release:

(A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities (save and except for the principal debt claims against the Issuer in respect of the Senior Secured Notes Liabilities), its guarantee liabilities (save and except in respect of the Senior Secured Notes Guarantees) and its other liabilities (save and except in respect of the Senior Secured Notes Liabilities);

(B) any Common Security or Senior Lender Liabilities Security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and

(C) any other claim of an intra-group lender or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor,

on behalf of the relevant creditors and Debtors;

(iii) if the asset subject to the Distressed Disposal or Appropriation consists of shares in the capital of any holding company of a Debtor, to release:

(A) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities (save and except for the principal debt claims against the Issuer in respect of the Senior Secured Notes Liabilities), its guarantees liabilities (save and except in respect of the Senior Secured Notes Guarantees) and its other liabilities (save and except in respect of the Senior Secured Notes Liabilities);

(B) any Common Security or Senior Lender Liabilities Security granted by that holding company or any subsidiary of that holding company over any of its assets; and

(C) any other claim of an intra-group lender or another Debtor over the assets of that holding company and any subsidiary of that holding company,

on behalf of the relevant creditors and Debtors;

(iv) if the asset which is subject to the Distressed Disposal or Appropriation consists of shares in the capital of a Debtor or the holding company of a Debtor (in each case, excluding the Issuer, its holding company and any of its subsidiaries which is a Debtor) and the Common Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities (save and except in respect of the Senior Secured Notes Liabilities) or the relevant Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:

(A) (if the Common Security Agent (acting in accordance with the Intercreditor Agreement) on the basis that any transferee of those liabilities or Debtor liabilities (the "**Transferee**") will not be treated as a Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those liabilities or Debtor liabilities on behalf of the relevant creditors and Debtors, provided that, notwithstanding any other provision of any Debt Document the Transferee shall not be treated as a Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

(B) (if the Common Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement) to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Secured Creditors and all or part of any other liabilities and the Debtor liabilities, on behalf of, in each case, the relevant creditors and Debtors;

(v) if the asset which is subject to the Distressed Disposal or Appropriation consists of shares in the capital of a Debtor or the holding company of a Debtor (in each case, excluding the Issuer, its holding company and any of its subsidiaries which is a Debtor) (the "**Disposed Entity**") and the Common Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (excluding the Issuer and any Subsidiary of the Issuer which is a Debtor) (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the relevant Debtor liabilities, to execute and deliver or enter into any agreement to:

(A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal described above (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Common Security Agent for application in accordance with the provisions set out under the caption "*Application of Proceeds*" as if those proceeds were the proceeds of an enforcement of the Common Security or Senior Lender Liabilities Security, as the case may be, and, to the extent that any disposal of liabilities or Debtor liabilities has occurred or any Appropriation has occurred, as if that disposal of liabilities or Debtor liabilities, or any reduction in the Secured Obligations resulting from that Appropriation, had not occurred.

If a Distressed Disposal or Appropriation is being effected, the Senior Secured Notes Security Agent is irrevocably authorized (at the cost of the relevant Debtor and the Parent Company and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

(i) to release the Senior Secured Notes Security or any other claim over that asset which is the subject of the Distressed Disposal or Appropriation and execute and deliver or enter into any release of that Senior Secured Notes Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Senior Secured Notes Security Agent, be considered necessary or desirable;

(ii) if the asset which is subject to the Distressed Disposal or Appropriation consists of shares in the capital of a Debtor to release:

(A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, guarantee liabilities and other liabilities, in each case only in respect of the Senior Secured Notes Liabilities;

(B) any Senior Secured Notes Security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and

(C) any other claim of an Intra-Group Lender or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor,

on behalf of the relevant creditors and Debtors;

(iii) if the asset subject to the Distressed Disposal or Appropriation consists of shares in the capital of any holding company of a Debtor to release:

(A) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, guarantee liabilities and other liabilities, in each case only in respect of the Senior Secured Notes Liabilities.

(B) any Senior Secured Notes Security granted by that holding company or any subsidiary of that holding company over any of its assets; and

(C) any other claim of an intra-group lender or another Debtor over the assets of that holding company and any subsidiary of that holding company,

on behalf of the relevant creditors and Debtors;

(iv) if the asset which is subject to the Distressed Disposal or Appropriation consists of shares in the capital of a Debtor (which is either the Issuer or a Subsidiary of the Issuer or the holding company of the Issuer), and the Senior Secured Notes Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the Senior Secured Notes Liabilities or the relevant Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:

(A) (if the Senior Secured Notes Security Agent (acting in accordance with the Intercreditor Agreement) on the basis that any transferee of those liabilities or Debtor liabilities (the "**Transferee**") will not be treated as a Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those liabilities or Debtor liabilities on behalf of the relevant Creditors and Debtors, provided that, notwithstanding any other provision of any Debt Document, the Transferee shall not be treated as a Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

(B) (if the Senior Secured Notes Security Agent does intend that any Transferee will be treated as a Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement) to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Secured Creditors and all or part of any other liabilities and the Debtor liabilities, on behalf of, in each case, the relevant creditors and Debtors;

(v) if the asset which is subject to the Distressed Disposal or Appropriation consists of shares in the capital of a Debtor (which is either the Issuer or a subsidiary of the Issuer or the holding company of the Issuer) (the "**Disposed Entity**") and the Senior Secured Notes Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (which is either the Issuer or the subsidiary of the Issuer) (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the relevant Debtor liabilities, to execute and deliver or enter into any agreement to:

(A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal in connection with the Senior Secured Notes Security (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Senior Secured Notes Security Agent (for application in accordance with the provisions set out under the caption "*Application of Proceeds*" as if those proceeds were the proceeds of an enforcement of the Senior Secured Notes Security and, to the extent that any disposal of liabilities or Debtor liabilities has occurred or any Appropriation has occurred, as if that disposal of liabilities or Debtor liabilities, or any reduction in the Secured Obligations resulting from that Appropriation, had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities) effected by, or at the request of, the Common Security Agent or the Senior Secured Notes Security Agent (as the case may be), the Common Security Agent or Senior Secured Notes Security Agent (as applicable) shall take reasonable care to obtain a fair market price in the prevailing market conditions (although the Common Security Agent or Senior Secured Notes Security

Agent (as applicable) shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

If a Distressed Disposal is being effected at a time when the Majority Second Lien Creditors are entitled to give, and have given, instructions in accordance with the Intercreditor Agreement, the Common Security Agent is not authorized to release any Debtor, subsidiary or holding company from any borrowing liabilities or guarantee liabilities owed to any Senior Secured Creditor unless those borrowing liabilities or guarantee liabilities and any other Senior Secured Liabilities will be paid (or repaid) in full following that release.

Subject to the below paragraph, in the case of a Distressed Disposal (or a disposal of Liabilities pursuant to the paragraph (iv)(B) of the second paragraph above of this section "*Distressed Disposals and Appropriations*") effected by or at the request of the Common Security Agent (acting in accordance with paragraph falling two paragraphs below) affecting the Shared Claims, unless the consent of each Senior Agent and Senior Secured Notes Trustee is otherwise obtained, it is a further condition to any release, transfer or disposal under the second paragraph of this section "*Distressed Disposals and Appropriations*" above that:

- the proceeds of such disposal are in cash (or substantially all in cash) and/or other marketable securities; and
- all claims of the Senior Secured Creditors against the Shared Obligors (if any) are disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such release, transfer or disposal (and are not assumed by the purchaser or one of its affiliates), and all Security under the Transaction Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such release, transfer or disposal, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge) the relevant Instructing Group:

  (A) determine acting reasonably and in good faith that the Senior Secured Creditors will recover a greater amount if any such claim is sold or otherwise transferred to the purchaser or one of its affiliates and not released or discharged; and

  (B) serve a written notice on the Common Security Agent confirming the same to the Common Security Agent;
- in which cases the Common Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser) and the consideration for such sale or transfer may be in the form of non-cash consideration by way of the Senior Secured Creditors bidding by an appropriate mechanic for all or part of the Senior Secured Liabilities (such that the Senior Secured Liabilities would, on completion, be discharged to the extent of an amount equal to the amount of the offer made by the relevant Senior Secured Creditors); and such sale or disposal is made:

  (A) pursuant to a public auction in respect of which the Secured Creditors are entitled to participate; or

  (B) where a Financial Adviser selected by the Common Security Agent (acting on instructions from the Majority Senior Secured Creditors) has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view, taking into account all relevant circumstances, including the method of enforcement, provided that the liability of such Financial Adviser may be limited to the amount of its fees in respect of such engagement (it being acknowledged that the Common Security Agent shall have no obligation to select or engage any Financial Adviser unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

If, prior to the first date on which all Second Lien Liabilities have been discharged (the "**Second Lien Discharge Date**"), a Distressed Disposal is being effected such that the Second Lien Liabilities and/or Common Security will be released under the second paragraph above of this section "*Distressed Disposals and Appropriations*", it is a further condition to the release that either:

- the Second Lien Creditor Representatives have approved the release; or

- where shares or assets of a Second Lien Issuer/Borrower or guarantor in respect of Second Lien Liabilities (a "**Second Lien Guarantor**") are sold:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash) and/or other marketable securities;

(B) all claims of the Senior Secured Creditors and (if applicable) Second Lien Creditors against a member of the Group (if any), all of whose shares are pledged in favor of the Secured Parties are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all security under the Transaction Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge) each Senior Agent and the Senior Secured Notes Trustee (i) determine, acting reasonably and in good faith, that the Senior Secured Creditors will recover a greater amount if any such claim was released or discharged, and (ii) serve a notice on the Common Security Agent notifying the Common Security Agent of the same; in which cases the Common Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser) and the consideration for such sale or transfer may be in the form of non-cash consideration by way of the Senior Secured Creditors bidding by an appropriate mechanic for all or part of the Senior Secured Liabilities (such that the Senior Secured Liabilities would, on completion, be discharged to the extent of an amount equal to the amount of the offer made by the relevant Senior Secured Creditors); and

(C) such sale or disposal is made:

(1) pursuant to a public auction in respect of which the Secured Creditors are entitled to participate; or

(2) where a Financial Adviser selected by the Common Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view, taking into account all relevant circumstances, including the method of enforcement, provided that the liability of such Financial Adviser may be limited to the amount of its fees in respect of such engagement (it being acknowledged that the Common Security Agent shall have no obligation to select or engage any Financial Adviser unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

For the purposes of the Intercreditor Agreement, "entitled to participate" shall be interpreted to mean that any offer, or indication of a potential offer, that a holder of any Senior Secured Liabilities or Second Lien Liabilities makes shall be considered by those running the public auction against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder. If, after having applied those same criteria, the offer or indication of a potential offer made by a holder of any Senior Secured Liabilities or Second Lien Liabilities is not considered by those running the public auction to be sufficient to continue in the public auction process, such consideration being against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder (such continuation may include being invited to review additional information or being invited to have an opportunity to make a subsequent or revised offer, whether in another round of bidding or otherwise), then the right to participate which a holder of any Senior Secured Liabilities or Second Lien Liabilities under the Intercreditor Agreement shall be deemed to be satisfied.

Application of Proceeds

For the purposes of this section:

"**Shared Claim Recoveries**" refers, collectively, to all amounts from time to time received or recovered by the Common Security Agent pursuant to the Shared Claims (and not as a result of an enforcement of Transaction Security) and all amounts received by the Common Security Agent from another Creditor pursuant to the turnover provisions applicable to the Senior Secured Creditors in respect of the Shared Claims;

"**Senior Secured Notes Recoveries**" refers, collectively, to all amounts from time to time received or recovered by the Senior Secured Notes Security Agent pursuant to the Senior Secured Notes Guarantees, the Senior Secured Notes Security and all amounts received by the Senior Secured Notes Security Agent from another Creditor pursuant to the turnover provisions applicable to the Senior Secured Notes Creditors in respect of the Senior Secured Notes Security or the Senior Secured Notes Guarantees only;

"**Common Credit Support Recoveries**" refers, collectively, to all amounts from time to time received or recovered by the Common Security Agent pursuant to the Senior Lender Liabilities Guarantees, the Senior Lender Liabilities Security, the Common Security and all amounts received by the Common Security Agent from another Creditor pursuant to the turnover provisions applicable to the Senior Creditors and, only in connection with the Common Security, the turnover provisions applicable to the Second Lien Creditors; and

"**Recoveries**" means the means the Shared Claim Recoveries, the Senior Secured Notes Recoveries and the Common Credit Support Recoveries.

The Intercreditor Agreement provides that Secured Parties may only benefit from Recoveries (as defined above) to the extent that the liabilities of such Secured Parties have the benefit of the guarantees or security under which such Recoveries are received. In all cases, the rights of such Secured Parties shall in any event be subject to the priorities set out in this section.

Order of Application of Shared Claim Recoveries

In this section:

Subject to certain provisions of the Intercreditor Agreement relating to prospective liabilities, the Intercreditor Agreement provides that the Shared Claim Recoveries shall be applied at any time as the Common Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this section), in the following order of priority:

(i) in discharging any sums owing to the Common Security Agent, the Senior Secured Notes Security Agent and any receiver or any delegate on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any Agent or Secured Creditor in connection with any action taken at the request of the Common Security Agent or the Senior Secured Notes Security Agent in accordance with the terms of the Intercreditor Agreement and in payment to any Notes Trustee (in respect of any Notes Trustee Amounts);

(iii) in payment to:

(A) each Senior Agent on its own behalf and on behalf of the Senior Arrangers and the Senior Lenders;

(B) the Senior Secured Notes Trustee on its own behalf and on behalf of the Senior Secured Notes Creditors; and

(C) the Hedge Counterparties,

for application towards the discharge of:

(D) the Senior Arranger Liabilities and the Senior Lender Liabilities (in accordance with the terms of the Senior Finance Documents);

(E) the Senior Secured Notes Liabilities (in accordance with the terms of the Senior Secured Notes Finance Documents); and

(F) the Hedging Liabilities (on a pro rata basis between the Hedging Liabilities of each Hedge Counterparty),

on a pro rata basis and *pari passu* between paragraphs (A), (B) and (C) above;

(iv) if none of the Debtors is under any further actual or contingent liability under any Primary Debt Document, in payment to any person to whom the relevant Security Agent is obliged to pay in priority to any Debtor; and

(v) the balance if any, in payment to the relevant Debtor.

Order of Application of Senior Secured Notes Recoveries

Subject to certain provisions of the Intercreditor Agreement relating to Shared Claim Recoveries and prospective liabilities, the Intercreditor Agreement provides that the Senior Secured Notes Recoveries shall be applied at any time as the Senior Secured Notes Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this section), in the following order of priority:

(i) in discharging any sums owing to the Senior Secured Notes Security Agent and any receiver or any delegate on a *pari passu* basis;

(ii) in payment of all costs and expenses incurred by the Senior Secured Notes Trustee or any Senior Secured Notes Creditor in connection with any realization or enforcement of the Senior Secured Notes Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Senior Secured Notes Security Agent under the terms of the Intercreditor Agreement and in payment to the Senior Secured Notes Trustee (in respect of any Senior Secured Notes Trustee Amounts);

(iii) (if any Relevant Security Enforcement in respect of Senior Secured Notes Security has occurred), in payment or distribution to the Senior Secured Notes Secured Parties which have paid (or are liable to pay) all or part of any Soulte in connection with the enforcement of any Senior Secured Notes Security Document in an amount equal to the amount of Soulte paid (or owed) by them (in each case on a pro rata and *pari passu* basis amongst themselves) but solely to the extent not already repaid to such Senior Secured Notes Secured Parties by the relevant payee pursuant to clawback or in accordance with the turnover provisions applicable to the Senior Secured Notes Creditors in respect of the Senior Secured Notes Security or the Senior Secured Notes Guarantees only;

(iv) in payment to the Senior Secured Notes Trustee on its own behalf and on behalf of the Senior Secured Notes Creditors for application towards the discharge of the Senior Secured Notes Liabilities (in accordance with the terms of the Senior Secured Notes Finance Documents) on a pro rata and *pari passu* basis.

(v) in payment to the Senior Secured Notes Secured Parties for application towards the discharge of any Soulte which is payable by the Secured Parties to any Debtor in respect of any Senior Secured Notes Security pursuant to the terms of the Intercreditor Agreement; and

(vi) if none of the Debtors is under any further actual or contingent liability under any Senior Secured Notes Finance Document, in payment to any person to whom the Senior Secured Notes Security Agent is obliged to pay in priority to any Debtor;

(vii) the balance if any, in payment to the relevant Debtor.

Order of Application of Common Credit Support Recoveries

Subject to certain provisions of the Intercreditor Agreement relating to Shared Claim Recoveries and prospective liabilities, the Intercreditor Agreement provides that the Common Credit Support Recoveries shall be applied at any time as the Common Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this section), in the following order of priority:

(i) in discharging any sums owing to the Common Security Agent and any receiver or delegate on a *pari passu* basis;

(ii) in discharging any sums owing to a Senior Creditor Representative (in respect of the Senior Agent Liabilities excluding any Agent Liabilities owed to the Senior Secured Notes Trustee), any receiver or any delegate, any Second Lien Creditor Representative (in respect of the Second Lien Agent Liabilities) on a *pari passu* basis;

(iii) in payment of all costs and expenses incurred by any Agent or Secured Creditor in connection with any realization or enforcement of such Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Common Security Agent under the provisions in the Intercreditor Agreement relating to creditors' actions;

(iv) (if any Relevant Security Enforcement in respect of Senior Lender Liabilities Security or Common Security has occurred), in payment or distribution to the Secured Parties which have paid (or are liable to pay) all or part of any Soulte in connection with the enforcement of any Senior Lender Liabilities Security Document or Common Security Document in an amount equal to the amount of Soulte paid (or owed) by them (in each case on a pro rata and *pari passu* basis amongst themselves) but solely to the extent not already repaid to such Secured Parties by the relevant payee pursuant to clawback or in accordance with the turnover provisions applicable to Senior Creditors and, only in connection with the Common Security, the turnover provisions applicable to the Senior Secured Creditors and to the Second Lien Creditors;

(v) in payment to:

(A) each Senior Agent on its own behalf and on behalf of the Senior Arrangers and the Senior Lenders; and

(B) the Hedge Counterparties,

for application towards the discharge of:

(A) the Senior Arranger Liabilities and the Senior Lender Liabilities (in accordance with the terms of the Senior Finance Documents); and

(B) the Hedging Liabilities (on a pro rata basis between the Hedging Liabilities of each Hedge Counterparty),

on a pro rata basis and *pari passu* between paragraphs (A) and (B) above;

(vi) in payment to:

(A) the Second Lien Agent on its own behalf and on behalf of the Second Lien Arrangers and the Second Lien Lenders; and

(B) each Second Lien Notes Trustee on its own behalf and on behalf of the Second Lien Notes Creditors,

for application towards the discharge of:

(A) the Second Lien Arranger Liabilities and the Second Lien Lender Liabilities (in accordance with the terms of the Second Lien Finance Documents); and

(B) the Second Lien Notes Liabilities (in accordance with the terms of the Second Lien Notes Finance Documents),

on a pro rata basis and *pari passu* basis between paragraphs (A) and (B) above;

(vii) in payment to the relevant Secured Parties for application towards the discharge of any Soulte which is payable by the Secured Parties to any Debtor in respect of any Senior Lender Liabilities Transaction Security or Common Security pursuant to the provision captioned "*Payment of a Soulte*";

(viii) if none of the Debtors is under any further actual or contingent liability under any Primary Debt Document, in payment to any person to whom the Common Security Agent is obliged to pay in priority to any Debtor; and

(ix) the balance if any, in payment to the relevant Debtor.

Equalization

Equalization: Senior exposure

Subject to certain other terms of the Intercreditor Agreement, the Intercreditor Agreement provides that if, for any reason, any Senior Lender Liabilities and Hedging Liabilities remain unpaid after the Enforcement Date and the resulting losses are not borne by the Senior Finance Parties in the proportions which their respective exposures at the Enforcement Date bore to the aggregate exposures of all the Senior Finance Parties at the Enforcement Date, the Senior Finance Parties (other than any Notes Trustee with respect to Notes Trustee Amounts) will make such payments amongst themselves as the Common Security Agent shall require to put the Senior Finance Parties in such a position that (after taking into account such payments) those losses are borne in those proportions.

Equalization: Shared Claims

Subject to certain other terms of the Intercreditor Agreement, the Intercreditor Agreement provides that if, for any reason, any Senior Secured Liabilities remain unpaid after the Enforcement Date, and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures in relation to the Shared Claims and excluding any Recoveries under any Transaction Security (the "**Shared Claims Exposure**") at the Enforcement Date bore to the aggregate Shared Claims Exposures of all the Senior Secured Creditors at the Enforcement Date, the Senior Secured Creditors (other than the Senior Secured Notes Trustee with respect to its Senior Secured Notes Trustee Amounts) will make such payments amongst themselves as the Common Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Equalization: Soulte payments

The Intercreditor Agreement provides that if, for any reason, following a Relevant Security Enforcement certain Secured Parties have not paid their share of the corresponding resulting Soulte (if any), such Secured Parties will make such payments amongst themselves as the relevant Security Agent shall require to put the Secured Parties in such a position that (after taking into account such payments) the amount paid or payable in respect of such corresponding Soulte is borne by all the Secured Parties having participated in such Relevant Security Enforcement in the proportions which their respective Exposures at the date of the Relevant Security Enforcement bore to the aggregate Exposures of all such Secured Parties in whose favor the Transaction Security that was the subject of the Relevant Security Enforcement was granted at the date of the Relevant Security Enforcement.

Additional Debt

The Intercreditor Agreement permits, in certain circumstances and subject to certain conditions, for the implementation of any existing, additional, supplemental or new financing arrangement in respect of any of the liabilities, including by way of refinancing, replacement, increase or otherwise of any such new, existing, additional, supplemental or new financing arrangement under such finance documents (each an "**Additional Debt Financing**"), in each case subject to the terms of the Secured Debt Documents.

Subject to compliance with applicable provisions of the Secured Debt Documents each Party shall be required to enter into any amendment to or replacement of the then current Secured Debt Documents (including for the purpose of reflecting the terms and ranking of any Additional Debt Financing in the Secured Debt Documents) and/or take such other action as is reasonably required by the Parent Company (in each case at the cost of the Parent Company) in order to facilitate any Additional Debt Financing, including in relation to any changes to, the taking of, or the release coupled with the retaking of, any guarantee or Security, provided that the relevant Security Agent shall not be required to execute a release of assets from any existing Transaction Security pursuant to this paragraph unless the Parent Company has confirmed in writing to the relevant Security Agent that it has determined in good faith (taking into account any applicable legal limitations and other relevant considerations in relation to the Additional Debt Financing) that it is not possible to implement the Additional Debt Financing by either granting additional Transaction Security and/or amending the terms of the existing

Transaction Security. Notwithstanding any provision of the Intercreditor Agreement to the contrary, no amendment or release and re-grant of any Transaction Security granted by any French Debtor shall be required or permitted in order to implement such Additional Debt Financing; instead, to the extent necessary to implement such Additional Debt Financing, the relevant French Debtor shall grant second or lesser ranking security as described in the last paragraph of this section. Each Agent and the relevant Security Agent is irrevocably authorized and instructed by each Party (other than the Debtors), each Secured Party and each Secured Creditor to execute any such amended or replacement Secured Debt Documents and/or take such action on behalf of the Parties, the Secured Parties and the Secured Creditors (and shall promptly do so on the request of and at the cost of the Parent Company). The Security Agents shall incur no liability in acting in accordance with instructions received pursuant to the provisions of the Intercreditor Agreement described under this caption "*Additional Debt*".

The provisions contained in this section shall not operate so as to override any provision in any Debt Financing Agreement which would (i) require the unanimous consent of any of the Senior Lenders, Hedge Counterparties, Senior Secured Noteholders, Second Lien Lenders or Second Lien Noteholders as applicable under the terms of any of the Debt Financing Agreements or (ii) expressly require the consent of any individual affected class of Secured Creditors or any individual affected Secured Creditor under the terms of any of the Debt Financing Agreements.

Without prejudice to the provisions captioned "*Ranking and priority*" and "*Application of Proceeds*", upon any Additional Debt Financing being confirmed at any time after the date of the Intercreditor Agreement or any amendment to the Secured Debt Documents resulting or expected to result in more onerous payment obligations upon the relevant Debtors, the relevant Debtors may grant to the relevant Secured Parties additional security by executing additional Security Documents on a second or lesser ranking basis which will nevertheless benefit from the order of priority and ranking set out in the provisions captioned "*Ranking and priority*" and "*Application of Proceeds*".

Changes to the Parties

Intra-Group Lender

If any Intra-Group Lender or any member of the Group (other than the Parent Company) makes any loan to or grants any credit to or makes any other financial arrangement having similar effect with any Debtor such that the aggregate balance which is outstanding at the expiry of any calendar month (after netting of all the positions made at the expiry of such calendar month) exceeds €50,000,000 (or its equivalent in other currencies), the Parent Company will procure that the person giving that loan, granting that credit or making that other financial arrangement (if not already a Party as an Intra-Group Lender) accedes to the Intercreditor Agreement as an Intra-Group Lender, within ninety (90) days as from the date on which such threshold is reached at the expiry of any calendar month.

Notwithstanding the immediately preceding paragraph, the Parent Company procured that certain companies listed in a schedule to the Intercreditor Agreement acceded to the Intercreditor Agreement on March 10, 2020.

Required Consents

Subject to certain exceptions under the Intercreditor Agreement, an amendment or waiver of the Intercreditor Agreement shall not be made without the consent of:

(i) if the relevant amendment or waiver (the "**Proposed Amendment**") is prohibited by the Revolving Credit Facility Agreement, the Term Loan B Facility Agreement and/or any Permitted Senior Secured Facilities Agreement, the relevant Senior Agent (acting on the instructions of the requisite Senior Lenders);

(ii) if the Proposed Amendment is prohibited by the terms of the Senior Secured Notes Indenture, the Senior Secured Notes Trustee (acting on behalf of the Senior Secured Noteholders);

(iii) if any indebtedness has been incurred under a Second Lien Facility Agreement and the Proposed Amendment is prohibited by the terms of the Second Lien Facility Agreement, the Second Lien Agent (acting on the instructions of the requisite Second Lien Lenders in accordance with the Second Lien Facility Agreement);

(iv) if any Second Lien Notes have been issued and the Proposed Amendment is prohibited by the terms of the relevant Second Lien Notes Indenture, the Second Lien Notes Trustee (acting on behalf of the Second Lien Noteholders);

(v) if a hedge counterparty is providing hedging to a Debtor under a hedging agreement, that hedge counterparty (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that hedge counterparty; and

(vi) the Parent Company.

To the extent that an amendment, waiver or consent only affects one class of creditors, and such amendment, waiver or consent does not materially and adversely affect the rights or interests of the other classes of creditors, only consent from the Agent acting on behalf of the affected class shall be required.

The Intercreditor Agreement may be amended by the Agents, each Security Agent and Parent Company without the consent of any other party thereto, to cure defects or omissions, resolve ambiguities or inconsistencies or reflect changes of a minor, technical or administrative nature or if that amendment or waiver is for the benefit of all or any of the Secured Parties.

Amendments and Waivers: Security Documents

Subject to certain exceptions under the Intercreditor Agreement, the relevant Security Agent may, if authorized by an Instructing Group and if the Parent Company, in the case of the Common Security and the Senior Lender Liabilities Security, or the Issuer, in the case of the Senior Secured Notes Security, consent to amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party, provided that nothing in this paragraph shall operate so as to override any provision in any Debt Financing Agreement that would otherwise require the consent of a particular group of Secured Creditors to effect such amendment, waiver or consent.

Subject to certain exceptions under the Intercreditor Agreement, in the case of any amendment or waiver of, or consent under, any security document governing the Common Security or Senior Secured Notes Security which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the Common Security or Senior Secured Notes Security are distributed that amendment, waiver or consent shall require approval in accordance with the provisions set out above under the caption "*Required Consents*".

Exceptions

Subject to the paragraph below and certain other exceptions under the Intercreditor Agreement, an amendment, waiver or consent which adversely relates to the express rights or obligations of an Agent, an arranger or a Security Agent (in each case in such capacity) may not be effected without the consent of that Agent, that arranger or that Security Agent (as the case may be) at such time.

Neither of the preceding paragraph nor the first paragraph of the section above captioned "*Amendments and Waivers: Security Documents*" shall apply:

- to any release of Transaction Security, claim or liabilities; or
- to any consent,

which, in each case, the relevant Security Agent gives in accordance with the provisions set out in the caption "*Proceeds of Disposals*" above.

Agreement to Override

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the Debt Documents to the contrary.

Parallel Debt

The Intercreditor Agreement provides that each Debtor irrevocably and unconditionally undertakes to pay to the Senior Secured Notes Security Agent, as creditor in its own right and not as representative of the other Secured Parties, amounts equal to, and in the currency of, any amounts owing from time to time by that Debtor to any Senior Secured Notes Creditor under any Primary Debt Document, as and when those amounts are due. Each

Debtor makes a similar undertaking to pay to the Common Security Agent amounts equal to those owing from time to time by that Debtor to any Secured Party (other than any Senior Secured Notes Creditor).

The Intercreditor Agreement includes an acknowledgement from each Debtor and each Security Agent that the obligations of each Debtor described in the paragraph above are several and are separate and independent from, and shall not in any way limit or affect, the corresponding obligations of that Debtor to any other Secured Party under any Primary Debt Document (its "**Corresponding Debt**") nor shall the amounts for which each Debtor is liable as described in the paragraph above (for the purposes of this paragraph, its "**Parallel Debt**") be limited or affected in any way by its Corresponding Debt, provided that notwithstanding any other provision of the Intercreditor Agreement or the Primary Debt Documents:

(a) the Parallel Debt of each Debtor shall be automatically decreased and discharged to the extent that its Corresponding Debt has been irrevocably paid or (in the case of guarantee obligations) discharged;

(b) the Corresponding Debt of each Debtor shall be automatically decreased and discharged to the extent that its Parallel Debt has been irrevocably paid or (in the case of guarantee obligations) discharged;

(c) the amount of the Parallel Debt of a Debtor shall at all times be equal to the amount of its Corresponding Debt; and

(d) the aggregate amount outstanding owed by the Debtors under the Primary Debt Documents (including under the parallel debt provisions described in this section "*Parallel Debt*") at any time shall not exceed the amount of the Corresponding Debt at that time.

For the purpose of the parallel debt provisions, each Security Agent acts in its own name and not as a trustee, and its claims in respect of the Parallel Debt shall not be held on trust. Each Security Agent shall have its own independent right to demand payment of the amounts payable by each Debtor as applicable under the parallel debt provisions. The Transaction Security granted under the Security Documents to the Senior Secured Notes Security Agent to secure the Parallel Debt is granted to the Senior Secured Notes Security Agent in its capacity as creditor of the Parallel Debt and shall not be held on trust.

All moneys received or recovered by a Security Agent pursuant to the parallel debt provisions, and all amounts received or recovered by that Security Agent from or by the enforcement of any Transaction Security granted to secure the Parallel Debt, shall be applied as described in the section "*Application of Proceeds*" above.

Without limiting or affecting a Security Agent's rights against the Debtors (whether under the parallel debt provisions or under any other provision of any Primary Debt Document), each Debtor acknowledges in the Intercreditor Agreement that:

(a) nothing in the parallel debt provisions shall impose any obligation on a Security Agent to advance any sum to any Debtor or otherwise under any Primary Debt Document, except, if applicable, in its capacity as a Secured Creditor; and

(b) for the purpose of any vote taken under any Primary Debt Document, a Security Agent shall not be regarded as having any participation or commitment other than, if applicable, those which it has in its capacity as a Secured Creditor.

Casino Existing Syndicated Credit Facilities

The Issuer and Casino Finance are party to two unsecured syndicated credit facilities which were partially repaid with the proceeds of the offering of the Senior Secured Notes.

On February 28, 2014, the Issuer and Casino Finance entered into the Casino 2014 Syndicated Credit Facility, a multi-currency revolving facility agreement with a syndicate of financial institutions acting as lenders and Credit Agricole Corporate & Investment Bank ("**CACIB**") acting as facility and swingline agent. The Casino 2014 Syndicated Credit Facility currently provides for revolving advances of up to an aggregate of €198 million on a committed basis. Borrowings may be used for general corporate purposes. As amended, the Casino 2014 Syndicated Credit Facility may be utilized to and including the business day that is one month prior to the extended maturity date, February 28, 2021.

On July 26, 2017, the Issuer and Casino Finance entered into the Casino 2017 Syndicated Credit Facility, a multi-currency revolving facility agreement with a syndicate of financial institutions acting as lenders and J.P.

Morgan Europe Limited acting as facility and swingline agent. The Casino 2017 Syndicated Credit Facility currently provides for revolving advances of up to an aggregate of $25 million on a committed basis. Borrowings may be used for general corporate purposes. The Casino 2017 Syndicated Credit Facility may be utilized to and including the business day that is one month prior to the maturity date, July 26, 2022.

A description of the common provisions of the Casino Existing Syndicated Credit Facilities is below.

Common Provisions

Except as noted above, the financing agreements governing the Casino Existing Syndicated Credit Facilities contain certain common provisions, summarized below.

Swingline Component

In addition to the revolving advances provided for under the Casino Existing Syndicated Credit Facilities, the terms of which are described in further detail below, the facilities each provide for swingline advances (in an amount up to €200 million for the Casino 2014 Syndicated Credit Facility and €225 million for the Casino 2017 Syndicated Credit Facility), to be used for general corporate purposes.

Interest and Fees

The rate of interest on revolving advances of loans under the Casino Existing Syndicated Credit Facilities is calculated at a percentage per annum that is the sum of (1) an applicable margin that may be adjusted based on the Issuer's consolidated net financial debt to consolidated EBITDA ratio (calculated as provided for therein) and (2) EURIBOR or LIBOR, as the case may be (or EONIA for swingline loans) subject, in the case of the Casino 2017 Syndicated Credit Facility, to an aggregate zero floor. The rate of interest is subject to increase by a certain percentage for amounts that are overdue. Interest payments for each revolving advance are due at the end of the term for the advance, which may be a term of one, three or six months (or no more than seven business days for swingline loans), or any other period otherwise agreed to.

The Issuer is also generally required to pay certain other customary fees under the Casino Existing Syndicated Credit Facilities, including commitment, utilization and other fees.

Conditions to Drawdown

Loans granted pursuant to utilization requests under the Casino Existing Syndicated Credit Facilities are subject to certain customary conditions precedent, including confirmation that no default has occurred and is continuing or would result from the proposed loan and the confirmation of certain customary representations and warranties made in the respective agreements governing the Casino Existing Syndicated Credit Facilities.

Repayments

Each loan made under the Casino Existing Syndicated Credit Facilities must be repaid in full on the last day of the term for the loan advance. If the end of a term falls after the maturity date, the loan must be repaid in full on the maturity date. Amounts repaid may be reborrowed, subject to certain conditions.

Prepayments

In addition to the scheduled repayment of principal, the Casino Existing Syndicated Credit Facilities provide for mandatory prepayment upon the occurrence of a change of control of either the Issuer or Casino Finance. In the event of a change of control of the Issuer, which is defined as a third party acting alone or in concert with other third parties exclusively gaining control (as defined by Article L. 233-3 of the French *Code de Commerce*) of the Issuer, each lender, upon the facility agent's receipt of the required notice from the Issuer regarding the change of control, may request that its commitments under the applicable facility be cancelled, with all amounts outstanding thereunder subsequently becoming due and payable, together with accrued interest.

In the event of a change of control of Casino Finance, wherein a third party acting alone or in concert with other third parties exclusively gains control of Casino Finance, each lender, upon the facility agent's receipt of the required notice from the Issuer regarding the change of control, may request that its commitments under the applicable facility be cancelled, but solely with respect to its commitments in respect of Casino Finance, and may require repayment of its share in outstanding amounts by Casino Finance only, with all amounts outstanding thereunder subsequently becoming due and payable by Casino Finance, together with accrued interest. A change of control of Casino Finance only will not give lenders the right to cancel their commitments with respect to the Issuer.

Indebtedness under the applicable Casino Existing Syndicated Credit Facilities may be voluntarily cancelled or prepaid, upon providing the requisite notice, without penalty or premium (subject to applicable break costs), in whole or in part, subject to certain conditions, including with respect to minimum amounts. Amounts prepaid may be reborrowed, subject to certain conditions. Commitments cancelled may not be reinstated.

Covenants

The Casino Existing Syndicated Credit Facilities contain customary information and affirmative covenants, including covenants applicable to the Issuer and Casino Finance and, as the case may be, to the Issuer's principal subsidiaries, (defined as any subsidiary of the Issuer accounting for 10% or more of the Issuer's consolidated total assets and/or consolidated turnover) and other members of the group. Such customary information and affirmative covenants include maintenance of legal validity, maintenance of insurance, compliance with environmental laws and applicable laws generally, *pari passu* ranking, economic sanction laws, provision of financial and other information, most of which are subject to certain exceptions.

The Casino Existing Syndicated Credit Facilities also contain customary negative covenants, including covenants applicable to the Issuer and Casino Finance, and, as the case may be, to the Issuer's principal subsidiaries, relating to mergers, the sale, transfer or disposal of assets and the creation of additional security interests on assets not otherwise permitted under the agreements.

Financial Covenant

The Casino Existing Syndicated Credit Facilities each require the Issuer and its consolidated subsidiaries from time to time to maintain a consolidated net debt to EBITDA ratio (the ratio between (a) the sum of the Issuer's most recent consolidated non-current financial liabilities and current financial liabilities, less its cash and cash equivalents, financial assets held for treasury management purposes and other similar investments, hedges of debt with a positive fair value, financial assets arising from a significant disposal of non-current assets (and, solely with respect to the Casino 2017 Syndicated Credit Facility, less assets held for sale net of related liabilities, attributable to owners of the Issuer) and (b) in respect of each 12-month period ending on the last day of the Issuer's financial year, the Issuer's most recent consolidated trading profit after adding back depreciation, amortization and provisions) at no more than 3.5:1 at any time.

Security and Guarantees

The obligations of the parties under the Casino Existing Syndicated Credit Facilities are unsecured. Casino Finance's obligations under the Casino Existing Syndicated Credit Facilities are guaranteed by the Issuer.

Events of Default

The Casino Existing Syndicated Credit Facilities contain customary events of default (subject in certain cases to grace periods, thresholds, materiality and other exceptions), including payment default, failure to comply with the financial covenant described above, failure to comply with any other obligation, misrepresentation, cross-default, insolvency and insolvency proceedings concerning the Issuer, any of its principal subsidiaries, or Casino Finance, winding-up, dissolution or reorganization, creditor enforcement proceedings or the enforceability of encumbrances, failure to comply with a final judgment, change of business, unlawfulness and invalidity.

The occurrence of an event of default allows the agent to (and, if so directed by the majority lenders the agent shall be required to) (i) declare all or any part of any borrowings thereunder to be immediately due and payable, together with accrued interest and/or (ii) cancel the total commitments under the applicable Casino Existing Syndicated Credit Facility.

To the extent an event of default occurs or is continuing with respect to Casino Finance only, the Issuer shall retain the right to draw under the facility (including for the purpose of reimbursing any outstanding amounts borrowed by Casino Finance), subject to certain terms and conditions. In the event of Casino Finance's default, the agent shall not be entitled to exercise the remedies described above with respect to any borrowings by the Issuer, provided that Casino Finance's default does not have a material adverse effect and Casino Finance's outstanding borrowings are equal to zero, or will become zero upon the Issuer's reimbursement of such outstanding Casino Finance borrowings.

Governing Law

The Casino Existing Syndicated Credit Facilities and all matters arising from or connected thereto are governed by French law.

Monoprix Existing Syndicated Credit Facility

On July 9, 2014, Monoprix S.A.S. entered into the Monoprix Existing Syndicated Credit Facility, a revolving credit facility agreement with a syndicate of financial institutions as lenders, Natixis acting as agent and CACIB acting as documentation agent. The Monoprix Existing Syndicated Credit Facility provides for revolving advances of up to an aggregate of €111 million on a committed basis. Borrowings may be used for general corporate purposes. As amended, the Monoprix Existing Syndicated Credit Facility may be utilized to and including the business day that is one month prior to the extended maturity date, July 9, 2021.

Interest and Fees

The rate of interest on revolving advances of loans under the Monoprix Existing Syndicated Credit Facility is calculated at a percentage per annum that is the sum of (1) an applicable margin that may be adjusted based upon Monoprix S.A.S.'s consolidated net financial debt to EBITDA ratio (calculated as provided for therein), (2) EURIBOR and (3) mandatory costs, as the case may be. The rate of interest is subject to increase by a certain percentage for amounts that are overdue. Interest payments for each revolving advance are due at the end of the term for the advance, which may be a term of one, three or six months, as determined by Monoprix S.A.S. in its utilization request.

Monoprix S.A.S. is also generally required to pay certain other customary fees under the Monoprix Existing Syndicated Credit Facility, including commitment, utilization and other fees.

Conditions to Drawdown

Loans granted pursuant to utilization requests under the Monoprix Existing Syndicated Credit Facility are subject to certain customary conditions precedent, including confirmation that no default has occurred and is continuing or would result from the proposed loan, and the confirmation of certain customary representations and warranties made in the respective agreements governing the Monoprix Existing Syndicated Credit Facility.

Repayments

Each loan made under the Monoprix Existing Syndicated Credit Facility must be repaid in full on the last day of the term for the loan advance and all advances must be repaid in their entirety on the maturity date. Amounts repaid may be reborrowed, subject to certain conditions.

Prepayments

In addition to the scheduled repayment of principal, the Monoprix Existing Syndicated Credit Facility provides for mandatory prepayment upon the occurrence of a change of control of Monoprix S.A.S. In the event of a change of control of Monoprix S.A.S. (which will occur in the event that the Issuer or any of its subsidiaries no longer control (as defined by Article L. 233-3 of the French *Code de Commerce*) Monoprix S.A.S., either directly or indirectly, or the Issuer or any of its subsidiaries hold less than 40% of Monoprix S.A.S.'s share capital or voting rights), each lender, upon the agent's receipt of the required notice from Monoprix S.A.S. regarding the change of control, may request that its commitments under the facility be cancelled, with all amounts outstanding thereunder subsequently becoming due or payable, together with accrued interest.

Indebtedness under the Monoprix Existing Syndicated Credit Facility may be voluntarily cancelled or prepaid in whole or in part upon providing the requisite notice, subject to certain conditions, including with respect to minimum amounts. Any prepayment of outstanding borrowings is subject to fees if paid on a date that is not an interest payment date. Amounts prepaid may be reborrowed, subject to certain conditions. Commitments cancelled may not be reinstated.

Covenants

The Monoprix Existing Syndicated Credit Facility contains customary information and affirmative covenants, subject to certain exceptions, including covenants applicable to Monoprix S.A.S., and, as the case may be, to Monoprix S.A.S.'s principal subsidiaries (defined as any subsidiary of Monoprix S.A.S. accounting for 10% or more of Monoprix S.A.S.'s consolidated total assets and/or consolidated turnover) and other members of the group. Such customary covenants relate to the provision of financial and other information, conduct of business, economic sanction laws, compliance with applicable laws and regulations, maintenance of insurance, maintenance of relevant authorizations, *pari passu* ranking and payment of taxes.

The Monoprix Existing Syndicated Credit Facility also contains customary negative covenants, subject to certain exceptions, including covenants applicable to Monoprix S.A.S., and, as the case may be, to Monoprix

S.A.S.'s principal subsidiaries, relating to the creation of additional security interests on assets not otherwise permitted under the agreement, the sale or disposal of assets, mergers and dissolutions and the closing date of the financial year.

Financial covenant

The Monoprix Existing Syndicated Credit Facility requires Monoprix S.A.S. to maintain its consolidated net debt to EBITDA ratio (the ratio between (a) the amount presented under the heading "*dettes financières*" in Monoprix S.A.S.'s consolidated annual financial statements, less the amounts presented under the headings "*disponibilités*" and "*valeurs mobilières de placement*" and (b) in respect of each 12-month period ending on the last day of Monoprix S.A.S.'s financial year, Monoprix S.A.S.'s most recent consolidated trading profit after adding back depreciation, amortization and provisions, and without the integration of disposals of fixed assets) at no more than 2.5:1 at any time.

Security and Guarantees

The Monoprix Existing Syndicated Credit Facility is unsecured and unguaranteed.

Events of Default

The Monoprix Existing Syndicated Credit Facility contains customary events of default (subject in certain cases to grace periods, thresholds, materiality and other exceptions), including payment default, failure to comply with the financial covenant described above, failure to comply with any other obligation, misrepresentation, cross-default, insolvency and insolvency proceedings concerning Monoprix S.A.S. or any of its principal subsidiaries, unlawfulness, an event which may have a material adverse effect on (i) the financial situation of Monoprix S.A.S., its principal subsidiaries or the group as a whole and (ii) Monoprix S.A.S.'s capacity to fulfill its obligations under the agreement, and the enforceability of Monoprix S.A.S.'s or its principal subsidiaries' encumbrances. In addition, a statutory auditor's refusal to certify Monoprix S.A.S.'s or any of its principal subsidiaries' consolidated financial statements (or the inclusion of a qualification (*réserve*) in such financial statements) shall constitute an event of default. The occurrence of an event of default allows the agent to (and, if so directed by the majority lenders, the agent shall be required to) (i) declare all or any part of any borrowings thereunder to be immediately due and payable, together with accrued interest and (ii) cancel the total commitments.

Governing Law

The Monoprix Existing Syndicated Credit Facility is governed by French law.

Segisor Credit Facility

On June 15, 2018, Segisor, a French holding company for GPA of which the Issuer directly owns a 50% stake, entered into a €400 million guaranteed term loan facility (together with any amendments thereto, the "**Segisor Credit Facility**") with CACIB as lender and agent. The Segisor Credit Facility will mature on December 15, 2021.

The borrowings under the loan may be used toward the partial financing of distributions to certain of Segisor's affiliates by way of capital reductions (and any transaction costs associated therewith) and the funding of a debt service reserve account, subject to the terms set forth in the agreement. Borrowings under the facility that have been repaid may not be reborrowed.

As of September 30, 2020, €188 million was outstanding under the Segisor Credit Facility.

Interest and Fees

The rate of interest on the loan under the Segisor Credit Facility is calculated at a percentage per annum that is the sum of (1) a margin of 1.75% per annum and (2) EURIBOR, subject to an aggregate zero floor. The rate of interest is subject to increase by a certain percentage for amounts that are overdue. Interest payments are due on the last day of each interest period, which period may be either three or six months, as selected by Segisor, or any other period otherwise agreed to. Segisor is also generally required to pay certain other customary fees under the Segisor Credit Facility, including an agency fee.

Repayments

The loan made under the Segisor Credit Facility must be repaid in full on the termination date, December 15, 2021.

Prepayments

In addition to the scheduled repayment of principal, the Segisor Credit Facility provides for mandatory prepayment, pursuant to the terms of the agreement, in the event that it becomes unlawful for a lender or any of its affiliates to perform their obligations under the agreement or if it becomes unlawful for Segisor to perform any of its obligations to any lender.

The facility also provides for mandatory prepayment upon the occurrence of a change of control, which is defined as the occurrence of any of the following events: (i) the Issuer ceases to own, either directly or indirectly, at least 50% of Segisor's share capital, (ii) the Issuer ceases to control (as defined by Article L. 233-3 of the French *Code de Commerce*), either directly or indirectly, Grupo Éxito (iii) Grupo Éxito ceases to control, either directly or indirectly, Onper Investments 2015 S.L. ("**Onper**"), (iv) the Issuer ceases to control Segisor or any of its direct shareholders or (v) Segisor ceases to control, either directly or indirectly, CBD. As of the date of this Listing Prospectus, we continue to directly or indirectly control Grupo Éxito. In the event of a change of control, each lender, upon the agent's receipt of the required notice from Segisor regarding the change of control, may request that its commitments be cancelled, with all amounts outstanding thereunder subsequently becoming due and payable, together with accrued interest and any other amounts owed.

Mandatory prepayment is also required in the event that either Segisor or Wilkes Participacoes S.A. ("**Wilkes**") receive net cash proceeds in an aggregate amount exceeding €5 million during any financial year for the disposal of (i) any shares held by Segisor in Wilkes or in CBD or (ii) any shares held by Wilkes in CBD (excluding any such disposal to Segisor), after deducting taxes, fees, costs and expenses incurred, subject to the terms and conditions provided in the agreement.

Subject to certain exceptions, in the event that Segisor pays a dividend to its shareholders or repays its shareholder working capital current account, it must make a mandatory partial repayment in an amount equal to the total funds it distributes. Further, Segisor must make a mandatory partial repayment in an amount equal to its free cash flow, as calculated under the terms of the agreement, during certain specified periods.

Indebtedness under the Segisor Credit Facility may be voluntarily prepaid in whole or in part upon providing the requisite notice, without penalty or premium (subject to applicable break costs), subject to certain conditions, including with respect to minimum amounts.

Covenants

The Segisor Credit Facility contains customary information and affirmative loan style covenants applicable to Segisor, and, as the case may be, to Segisor's subsidiaries, holding subsidiaries (defined as Oregon LLC, Pincher LLC or Wilkes) or material subsidiaries (defined as any holding subsidiary, CBD and any subsidiary of CBD which at any time accounts for 20% or more of CBD's consolidated total assets and/or consolidated turnover) relating to the provision of financial and other information, maintenance of relevant authorizations, compliance with environmental laws, anti-corruption laws and applicable laws generally, payment of taxes, *pari passu* ranking, economic sanction laws and maintenance of a sufficient dividend policy. In addition to these customary covenants, the facility contains information covenants requiring Segisor to provide the financial information, business plans and financial projections of certain of its affiliates, as well as information regarding its own planned share capital reduction and information on the Issuer's leverage ratio. Under the facility, Segisor must also open and operate a debt service account in compliance with certain requirements.

The Segisor Credit Facility also contains customary negative covenants, including covenants applicable to Segisor and, as the case may be, to Segisor's holding subsidiaries and certain of its other subsidiaries, relating to mergers and acquisitions, joint ventures and the sale, transfer or disposal of assets not otherwise permitted under the agreement. In addition to these customary negative covenants, the facility contains the following additional negative covenants, each subject to certain exceptions, restricting Segisor and, as the case may be, Segisor's holding subsidiaries from engaging in the following activities: owning any assets or incurring any liabilities beyond those specified in the agreement, creating additional security interests on assets or engaging in certain transactions entered into to raise financial indebtedness or finance the acquisition of an asset, serving as a creditor in respect of any financial indebtedness, incurring guarantees or allowing existing guarantees to remain outstanding, incurring financial indebtedness or allowing existing indebtedness to remain outstanding, making certain distributions in respect of its share capital and restricting Segisor from changing its financial year to end other than on December 31.

Financial Covenant

The Segisor Credit Facility requires Segisor to maintain a total net debt to value ratio of 50% or less at certain incremental dates. The total net debt to value ratio is defined as the ratio between (a) the aggregate outstanding principal capital or nominal amount of any of Segisor's outstanding indebtedness at any particular time less cash held by Segisor and (b) the aggregate of (i) the market value of all the shares held by each of Segisor and Wilkes in CBD, subject to certain conditions. In addition, subject to certain exceptions and conditions, the facility provides for an equity cure, allowing Segisor to remedy non-compliance with the financial covenant ratio using amounts received from any capital increase or other equity injection.

Security and Guarantees

Segisor's obligations under the Segisor Credit Facility are secured by a pledge over a debt service reserve account, subject to a minimum balance and other conditions, and are guaranteed by the Issuer and Onper.

Events of Default

The Segisor Credit Facility contains customary events of default (subject in certain cases to grace periods, thresholds, materiality and other exceptions), including payment default, failure to comply with the financial covenant described above, failure to comply with any other obligation, misrepresentation, cross-default, insolvency and insolvency proceedings concerning Segisor or any of its material subsidiaries, creditor enforcement proceedings, failure to comply with final judgments, enforceability of any security or quasi security, change of business, unlawfulness, expropriation and any event which may have a material adverse effect, each as applicable to Segisor and certain of its subsidiaries.

In addition, the following occurrences will also constitute events of default under the Segisor Credit Facility: failure to comply with the financial covenant set forth in the Casino 2014 Syndicated Credit Facility (as described above under "—*Casino 2014 Syndicated Credit Facility*"), non-completion of contemplated inter-company loans and mergers, Segisor's failure to make certain distributions to its affiliates as contemplated in the agreement, non-compliance with provisions of the agreement governing procedures for dividends and the debt service reserve account, the successful delisting of CBD's share capital and the reduction of the floating share capital to represent less than 20% of CBD's preferred shares. The occurrence of an event of default allows the agent to (and, if so directed by the majority lenders the agent shall be required to) (i) declare all or any part of any borrowings thereunder to be immediately due and payable, together with accrued interest and/or (ii) cancel the total commitments.

Governing Law

The Segisor Credit Facility is governed by French law.

PGE Loans

On July 8, 2020, Cdiscount, an Issuer's indirect subsidiary which manages our pure e-commerce platform, entered into a *contrat de prêts garantis par l'État français* with Crédit Lyonnais as sole arranger and global coordinator and BNP Paribas, Caisse d'Epargne et de Prévoyance Aquitaine Poitou-Charentes, Crédit Lyonnais, HSBC France and Société Générale as lenders (the "**PGE Loans Agreement**"), for an aggregate amount of €120,000,000, with bullet maturity which is 80% guaranteed by the Republic of France via Bpifrance Financement to address the financial consequences of the COVID-19 pandemic pursuant to Law No. 2020-289 of March 23, 2020 and Decree of March 23, 2020 (collectively, the "**PGE Loans**").

The PGE Loans were entirely drawn on or about August 5, 2020, following the publication in the official journal of the Republic of France (*journal officiel de la République Française*) of the decision of the French Minister of Finance to grant the guarantee of the Republic of France on such PGE Loans on July 31, 2020. The PGE Loans Agreement provides for an initial maturity of one year from such draw date and allows Cdiscount to extend the repayment date for a further period of one, two, three, four, or five years. Each of the PGE Loans bear interests at a rate of:

(i) for the first year of the PGE Loans, 0.60% per year plus EURIBOR rate applicable during such period plus a guarantee commission of 0.50% of the PGE Loans;

(ii) provided that, in the event of an extension of the maturity date of the PGE Loans, the interest rate of each of the PGE Loan will be amended to:

(A) for the second and third years of the PGE Loans, 0.50% per year plus EURIBOR rate applicable for such periods plus a guarantee commission of 1.00% of the PGE Loans for such periods of the PGE Loans plus the financing rate applicable to each lender under the PGE Loans, amounting to the fixed annual interest rate in excess of EURIBOR rate corresponding to the cost of such lender to finance the portion of the PGE Loan benefiting from the guarantee by the Republic of France (the "**Financing Rate**"); and

(B) for the fourth, fifth and sixth years of the PGE Loans, 0.30% per year plus EURIBOR rate applicable during such periods plus a guarantee commission of 2.00% of the PGE Loans for such periods of the PGE Loans plus the Financing Rate.

The PGE Loans are unsecured and unguaranteed by Cdiscount, and are repayable before their maturity, in whole or in part, at Cdiscount's option. The PGE Loans Agreement contains typical representation and warranties and undertakings for corporate financings of this type. The PGE Loans Agreement contains a mandatory repayment upon a change of control of Cdiscount by the Issuer, a loss of the benefit of the guarantee by Bpifrance Financement or in the event that Cdiscount or its parent company, Cnova, distribute dividends (or repurchase their own shares) during the fiscal year ending on December 31, 2020. The PGE Loans Agreement includes certain undertakings, including by which Cdiscount agrees not to make any acquisition of, or any investment in, or enter into a joint venture with, another business, unless in the ordinary course business and at normal market conditions, or expressly authorized by the lenders, or if such business is deemed similar to, ancillary to or in connection with the business of the Issuer or any of its subsidiary. In addition, the PGE Loans Agreement provides a limitation for Cdiscount or its significant subsidiaries (generating more than 10% of the Cdiscount's revenues) to incur indebtedness in excess of (i) €100,000,000 during the initial on-year-maturity of the PGE Loans and the second year of the PGE Loans if such PGE Loans are extended, (ii) €210,000,000 during the third year of the PGE Loans and (iii) €285,000,000 during the fourth, fifth and sixth years of the PGE Loans.

Existing EMTN Bonds

From time to time, the Issuer has issued bonds under a Euro Medium Term Note Program for the continuous offering of Euro Medium Term Notes (the "**Existing EMTN Bonds**").

As of September 30, 2020, €3,462 million of Existing EMTN Bonds were outstanding, excluding the fair value of interest rate swaps and interest rate options entered into by the Group to hedge its interest rate exposure on the Existing EMTN Bonds. Since September 30, 2020, we have repurchased and cancelled an aggregate principal amount of €418 million of the Existing EMTN Bonds through open market purchases and a tender offer on the 2021 EMTN Bonds, 2022 EMTN Bonds, 2023 EMTN Bonds and 2024 EMTN Bonds in November 2020. See "*Capitalization*".

2021 EMTN Bonds

On May 26, 2011, the Issuer issued €850 million aggregate principal amount of notes due May 26, 2021 (the "**2021 EMTN Bonds**"). These bonds bear interest at a rate of 5.98% per annum, with an initial rate of 4.726% per annum, subject to rate adjustments pursuant to step up or step down events, as applicable, payable on May 26 of each year. As of September 30, 2020, €597 million was outstanding under the 2021 EMTN Bonds, excluding the fair value of interest rate swaps and interest rate options entered into by the Group to hedge its interest rate exposure on the Existing EMTN Bonds.

2022 EMTN Bonds

On June 13, 2017, the Issuer issued €550 million of its notes due June 13, 2022 and on January 31, 2018, the Issuer issued a follow-on offering of €200 million to form a single series with the existing bonds due in 2022 (together, the "**2022 EMTN Bonds**"). These bonds bear interest at a fixed rate of 1.87% per annum, payable on June 13 of each year. As of September 30, 2020, €386 million was outstanding under the 2022 EMTN Bonds, excluding the fair value of interest rate swaps and interest rate options entered into by the Group to hedge its interest rate exposure on the Existing EMTN Bonds.

2023 EMTN Bonds

On January 25, 2013, the Issuer issued €750 million of its notes due January 25, 2023 (the "**2023 EMTN Bonds**"). These bonds bear interest at a rate of 4.56% per annum, with an initial rate of 3.311% per annum, subject to interest rate adjustments, payable on January 25 of each year. As of September 30, 2020, €626 million was outstanding under the 2023 EMTN Bonds, excluding the fair value of interest rate swaps and interest rate options entered into by the Group to hedge its interest rate exposure on the Existing EMTN Bonds.

2024 EMTN Bonds

On March 7, 2014, the Issuer issued €900 million of its notes due March 7, 2024 (the "**2024 EMTN Bonds**"). These bonds bear interest at a rate of 4.50% per annum, with an initial rate of 3.248% per annum, subject to interest rate adjustments, payable on March 7 of each year. As of September 30, 2020, €900 million was outstanding under the 2024 EMTN Bonds, excluding the fair value of interest rate swaps and interest rate options entered into by the Group to hedge its interest rate exposure on the Existing EMTN Bonds.

2025 EMTN Bonds

On December 8, 2014, the Issuer issued €650 million of its notes due February 7, 2025 (the "**2025 EMTN Bonds**"). These bonds bear interest at a rate of 3.58% per annum, with an initial rate of 2.330% per annum, subject to interest rate adjustments, payable on February 7 of each year. As of September 30, 2020, €444 million was outstanding under the 2025 EMTN Bonds, excluding the fair value of interest rate swaps and interest rate options entered into by the Group to hedge its interest rate exposure on the Existing EMTN Bonds.

2026 EMTN Bonds

On August 1, 2014, the Issuer issued €900 million of its notes due August 5, 2026 (the "**2026 EMTN Bonds**"). These bonds bear interest at a rate of 4.05% per annum, with an initial rate of 2.798% per annum, subject to interest rate adjustments, payable on August 5 of each year. As of September 30, 2020, €508 million was outstanding under the 2026 EMTN Bonds, excluding the fair value of interest rate swaps and interest rate options entered into by the Group to hedge its interest rate exposure on the Existing EMTN Bonds.

Common provisions

The Existing EMTN Bonds issued by the Issuer are the Issuer's direct, unconditional, unsubordinated and unsecured obligations and rank *pari passu* and without any preference among themselves, and, subject to such exceptions as are from time to time mandatory under French law, equally and ratably with all of the Issuer's other present or future unsecured and unsubordinated obligations, from time to time outstanding. None of the Existing EMTN Bonds are guaranteed.

The Existing EMTN Bonds also contain negative pledge provisions, providing that so long as any bonds or, if applicable, any coupons (and with respect to certain of the Existing EMTN Bonds, receipts relating to the notes) remain outstanding, the Issuer agrees not to grant (and shall ensure that none of its principal subsidiaries will grant) security interests (mortgage, charge, pledge, etc.) on any of its assets or revenues, present or future to secure relevant indebtedness incurred or guaranteed by any of them, unless the Issuer's obligations under the bonds, receipts and coupons, as applicable, are equally and ratably secured therewith. Under the negative pledge provisions, "relevant indebtedness" is defined as any indebtedness for borrowed money, represented by notes or other securities which are or are capable of being quoted, listed and admitted to trading or ordinary dealt in on any stock exchange, over-the-counter market or other securities market. Under the negative pledge provisions, "principal subsidiary" means any subsidiary of the Issuer which at any time accounts for (a) 10% or more of the consolidated total assets of the Issuer; or (b) 10% or more of the consolidated turnover of the Issuer, as calculated by reference to the Issuer's latest audited consolidated annual financial statements and the relevant subsidiary's latest annual consolidated audited or (if consolidated accounts are not prepared in relation to such subsidiary) unconsolidated annual audited financial statements.

The applicable terms and conditions governing the Existing EMTN Bonds include a change-of-control put option, subject to certain conditions and limitations, that triggers bondholders' option to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of the bonds, at their principal amount, together with accrued interest, upon the occurrence of a put event. A put event is defined as a change of control (defined as any person or persons acting in concert (other than a permitted holding company acting alone or in concert, which includes Rallye) coming to own or acquire such number of shares in the capital of the Issuer carrying more than 50% of the voting rights exercisable at a general meeting of the Issuer), when (i) the notes are not rated or (ii) the notes have been downgraded, by at least 1 notch, during a specific period, as a result of the change of control.

The applicable terms and conditions governing the Existing EMTN Bonds contain customary events of default (subject in certain cases to grace periods, thresholds and other conditions) allowing a bondholder through the representative to cause the bonds to become immediately due and payable at their principal amount, plus accrued interest. Such events of default include payment default, failure to comply with obligations created by the Existing EMTN Bonds, cross-default, insolvency and insolvency proceedings concerning the Issuer.

The terms and conditions for each of the series of the Existing EMTN Bonds are governed by French law.

Existing Deeply Subordinated Perpetual Notes

2005 Deeply Subordinated Perpetual Notes

On January 20, 2005 and February 15, 2005, the Issuer issued €500 million and €100 million, respectively, of its deeply subordinated fixed to CMS floating rate notes (together, the "**2005 Deeply Subordinated Perpetual Notes**"). These notes have no final maturity. The notes initially bore interest at a fixed rate of 7.5% per annum until January 20, 2008. The interest rate has since been reset at a floating rate per annum of 1% above the 10-year Constant Maturity Swap, subject to a cap of 9%, payable quarterly on January 20, April 20, July 20 and October 20 of each year. Quarterly interest payment dates will be either compulsory interest payment dates (if at any time during a 12-month period prior to such interest payment date (i) the Issuer has declared or paid a dividend or made a payment of any nature in respect of certain equity securities or (ii) the Issuer has redeemed, repurchased repaid or otherwise acquired, or any of its subsidiaries has purchased or otherwise acquired, certain equity securities) or optional payment dates (any interest payment date that is not compulsory). If payment of interest on an interest payment date is optional, the Issuer, upon providing notice to holders of the notes, may choose not to pay interest that is due. Any interest not paid on an optional interest payment date shall be forfeited and will no longer be due and payable by the Issuer. The 2005 Deeply Subordinated Perpetual Notes do contain a change of control provision.

2013 Deeply Subordinated Perpetual Notes

On October 24, 2013, the Issuer issued €750 million of its deeply subordinated fixed to reset rate notes (the "**2013 Deeply Subordinated Perpetual Notes**"). These notes have no final maturity. The notes initially bore interest at a fixed rate of 4.870% per annum until January 31, 2019. The interest rate has since been reset at a rate per annum equal to the relevant five-year swap rate and an applicable margin, adjustable at each five-year reset date and payable on January 31 of each year. The current interest rate is 3.992%. ¨The Issuer may defer interest payments on the notes in whole (but not in part) at its election upon providing notice to holders of the notes. Such interest payments will be deferred and will constitute arrears of interest, payable at the Issuer's option at any time, subject to certain limitations (including any dividend payments made by the Issuer).

The applicable terms and conditions governing the 2013 Deeply Subordinated Perpetual Notes include a change-of-control call option, subject to certain conditions and limitations, that triggers the Issuer's option to redeem or procure the purchase of the notes, together with accrued interest upon the occurrence of a call event. A call event is defined as a change of control (defined as any person or persons acting in concert (other than a permitted holding company acting alone or in concert) coming to own or acquire such number of the shares in the capital of the Issuer carrying more than 50% of the voting rights normally exercisable at a general meeting of the Issuer), when (i) the Issuer's long-term credit is not rated or (ii) the Issuer's long-term credit has been downgraded during a specified period as a result of the change of control.

Common Provisions

The 2005 Deeply Subordinated Perpetual Notes and 2013 Deeply Subordinated Perpetual Notes (together, the "**Existing Deeply Subordinated Perpetual Notes**") are each of the Issuer's direct, unconditional, unsecured and deeply subordinated obligations and rank and will rank *pari passu* among themselves and *pari passu* with all other present or future deeply subordinated obligations, but will be subordinated to the *titres participatifs* issued by, and the *prêts participatifs* granted to the Issuer, to ordinary subordinated obligations (defined as any obligations which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present or future ordinary subordinated obligations, but in priority to the *prêts participatifs* granted to, or the *titres participatifs* issued by the Issuer and deeply subordinated obligations) and to unsubordinated obligations of or issued by the Issuer. The Existing Deeply Subordinated Perpetual Notes do not restrict the Issuer's ability to grant security interests on any of its assets.

The Existing Deeply Subordinated Perpetual Notes have no specified maturity date. The Issuer may redeem the notes at its option on specified redemption dates for tax reasons, and with respect to the 2013 Deeply Subordinated Perpetual Notes, following a specified change in accounting principles related to the IFRS recognition of the notes, following a change in the equity credit rating criteria of a rating agency which results in lower equity credit for the notes and following a change of control call event, subject to applicable terms and conditions.

The applicable terms and conditions of the Existing Deeply Subordinated Perpetual Notes do not contain events of default or cross-default provisions. However, the notes shall become due and payable in full, together with accrued interest, if a competent court declares the Issuer's judicial liquidation, in the event of a transfer of the whole of the Issuer's business subsequent to the opening of a judicial recovery procedure or the Issuer is liquidated for any other reason.

The terms and conditions of the Existing Deeply Subordinated Perpetual Notes are governed by the laws of France.

Commercial Paper Program

To meet its short-term finance needs, the Issuer has from time to time issued commercial paper under its European commercial paper program (NEU CP). The program provides for the issuance of short-term, unsecured and unguaranteed borrowings with maturities of up to one year. The Issuer's commercial paper program is not subject to any financial covenants. As of September 30, 2020, €106 million was outstanding under the commercial paper program.

Latam Retail Indebtedness

As of September 30, 2020, GPA and Grupo Éxito had an aggregate total of €2,535 million of outstanding financial indebtedness, excluding the Segisor Credit Facility.

GPA's outstanding indebtedness includes borrowings under debentures, foreign currency loans and credit lines. From time to time, GPA issues unsecured debentures to strengthen its working capital, maintain its cash strategy, lengthen its debt profile and make investments. As of June 30, 2020, €1,906 million (or BRL 11,648) was outstanding under GPA's debenture program and promissory notes, excluding the impact of IFRS 16 and IFRS 5 on assets and liabilities, the Segisor Credit Facility and borrowing costs.

Sendas, a wholly owned subsidiary of CBD, announced on August 9, 2019 that it was issuing BRL 8.0 billion (or €1,803 million based on the intraday average mid-market EUR/BRL exchange rate on October 28, 2019) in aggregate principal amount of unsecured debentures guaranteed by CBD, with maturity dates ranging from one to four years from the date of issuance. The proceeds from the issuance was used, together with cash on hand at GPA, to finance the acquisition of Almacenes Éxito's shares pursuant to the tender offer launched on October 28, 2019.

Grupo Éxito's outstanding indebtedness includes short- and long-term borrowings through credit facilities with fixed or floating interest rates which range in maturity from January 2021 through March 2026. These facilities include revolving bilateral and syndicated facilities as well as short-term and mid-term bilateral facilities with aggregate principal amounts ranging from €9 million to €131 million.

DESCRIPTION OF THE NOTES

Casino, Guichard-Perrachon S.A., a *société anonyme* organized under the laws of France (the "*Issuer*"), will issue €400.0 million in aggregate principal amount of senior notes due 2026 (the "*Notes*") under an indenture to be dated as of the Issue Date (the "*Indenture*"), among, *inter alios*, the Issuer and Citibank, N.A., London Branch, as trustee (the "*Trustee*"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended. The term "*Notes*" refers also to Book-Entry Interests in the Notes. Except as set forth herein, the terms of the Notes include those set forth in the Indenture.

The definitions of certain terms used in this description are set forth under the subheading "*—Certain Definitions*". Certain defined terms used in this description but not defined below under "*—Certain Definitions*" have the meanings assigned to them in the Indenture. In this "*Description of the Notes,*" references to (i) the "*Issuer*" refer only to Casino, Guichard-Perrachon S.A. and not to any of its Subsidiaries; and (ii) "we," "our," "us" refer to the Issuer and its Restricted Subsidiaries.

The Indenture will not be qualified under, and will not be subject to or incorporate provisions of, by reference or otherwise, the U.S. Trust Indenture Act of 1939, as amended (the "*TIA*"). Consequently, the holders of the Notes generally will not be entitled to the protections provided under the TIA to holders of debt securities issued under a qualified indenture, including those requiring the Trustee to resign in the event of certain conflicts of interest and to inform the holders of the Notes of certain relationships between it and the Issuer.

The following description is a summary of the material terms of the Indenture and the Notes. It does not, however, restate either the Indenture or the Notes in their entirety. You should read the Indenture and the Notes because they, and not this description, define your rights as a holder of the Notes. Copies of the Indenture and the form of the Global Note may be obtained upon request from the Issuer and the Listing Agent as set forth below under "*Listing and General Information*".

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Listing of the Notes

The Issuer has applied for the Notes to be admitted to the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF market thereof. See "*—Payments on the Notes; Paying Agent, Registrar and Transfer Agent for the Notes*".

Principal, Maturity and Interest

The Issuer will issue the Notes in an aggregate principal amount of €400.0 million in this offering. The Notes will mature on January 15, 2026, at which time 100% of the principal amount of Notes shall be payable, unless redeemed prior thereto as described herein.

The Indenture will be unlimited in aggregate principal amount, of which €400.0 million aggregate principal amount of Notes will be issued in this offering. The Issuer may, subject to applicable law and the Indenture, issue an unlimited principal amount of additional Notes (the "*Additional Notes*"). The Issuer will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the incurrence of Debt and the incurrence of Liens (as described below under "*—Certain Covenants—Limitation on Debt*" and "*—Certain Covenants— Limitation on Liens*").

Any series of Additional Notes shall have terms substantially identical to the Notes, as applicable, except in respect of any of the following terms which shall be set forth in an Officer's Certificate delivered to the Trustee:

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash in connection with such series of Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

Except as otherwise provided for in the Indenture, the Notes issued in this offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of the Notes,*" references to the "*Notes*" shall be deemed to include the Notes initially issued on the Issue Date as well as any Additional Notes.

Interest on the Notes will accrue at the rate of 6.625% *per annum* computed against the principal amount outstanding on the Notes. Interest on the Notes will be payable, in cash, semi-annually in arrears on January 15 and July 15 of each year, commencing on July 15, 2021, to holders of record on the Business Day immediately preceding the relevant interest payment date. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

Brief Description of the Notes

The Notes:

- will be general senior unsecured obligations of the Issuer;
- will be *pari passu* in right of payment with all existing and future Debt of the Issuer that is not subordinated in right of payment to the Notes;
- will be senior in right of payment to all existing and future Debt of the Issuer that is subordinated in right of payment to the Notes;
- will not be guaranteed on the Issue Date and will be structurally subordinated to all Debt of the Issuer's Subsidiaries that do not guarantee the Notes (which, as of the Issue Date, includes all of the Issuer's Subsidiaries but which may be subject to change in the future); and
- will be effectively subordinated to any existing and future secured Debt of the Issuer, to the extent of the value of the property and assets securing such Debt.

Note Guarantees

The Notes will not be guaranteed on the Issue Date. However, under the covenant described under "—*Certain Covenants—Additional Guarantees*", certain of the Issuer's Restricted Subsidiaries may be required or elect to provide a Note Guarantee in the future. The Note Guarantees will be joint and several obligations of each Guarantor.

Each of the Note Guarantees and the amounts recoverable thereunder will be contractually limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering its guarantee voidable or otherwise ineffective under applicable law, including laws relating to fraudulent conveyance, fraudulent transfer, maintenance of share capital, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally, or otherwise to reflect applicable laws, including laws relating to capital maintenance and the liability of directors and officers. By virtue of these limitations, a Guarantor's obligations under its Note Guarantee could be significantly less than amounts payable in respect of the Notes.

The Note Guarantee of each Guarantor, if any, will:

- will be a general senior unsecured obligation of that Guarantor;
- will be *pari passu* in right of payment with all existing and future Debt of that Guarantor that is not subordinated in right of payment to such Note Guarantee;
- will be senior in right of payment to all existing and future Debt of that Guarantor that is subordinated in right of payment to such Note Guarantee;

- will be effectively subordinated to any existing and future secured Debt of that Guarantor, to the extent of the value of the property and assets securing such Debt; and
- will be structurally subordinated to all obligations of that Guarantor's Subsidiaries that are not Guarantors.

Assuming we had completed the Transactions and applied the proceeds therefrom as described under "*Use of Proceeds,*" the total adjusted gross consolidated debt of the Issuer and its Restricted Subsidiaries would have been €4,986 million as of September 30, 2020. The Indenture will permit the Issuer and its Restricted Subsidiaries to Incur additional Debt in the future.

As of the Issue Date, all of the Issuer's Subsidiaries will be "*Restricted Subsidiaries*" for purposes of the Indenture. In addition, under the circumstances described below under the caption "*—Certain Covenants—Designation of Unrestricted and Restricted Subsidiaries*," the Issuer will be permitted to designate certain of its Subsidiaries as "*Unrestricted Subsidiaries*". Unrestricted Subsidiaries of the Issuer will not be subject to any of the provisions of the Indenture and will not guarantee the Notes.

Payments on the Notes; Paying Agent, Registrar and Transfer Agent for the Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes for so long as the Notes are held in registered form. The initial Paying Agent will be Citibank, N.A., London Branch.

The Issuer will also maintain one or more registrars (each, a "*Registrar*") and one or more transfer agents (each, a "*Transfer Agent*"). The initial Registrar will be Citibank, N.A., London Branch. The initial Transfer Agent will be Citibank, N.A., London Branch. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time (the "*Register*") and the Paying Agent will make payments on and the Transfer Agent will facilitate transfer of Definitive Registered Notes on the behalf of the Issuer.

The Issuer may change the Paying Agent, the Registrar or the Transfer Agent without prior notice to the holders of the Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market thereof and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules and regulations, post such notice on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

No service charge will be made for any registration of a transfer, exchange or redemption of the Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection with any such registration of transfer or exchange (but not for a redemption).

Form of Notes

The Notes will be issued on the Issue Date only in fully registered form without coupons and only in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Notes will be sold outside the United States pursuant to Regulation S under the Securities Act and will initially be represented by a Global Note in registered form without interest coupons attached (the "*Global Note*"). The Global Note will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream. See "*Book-Entry, Delivery and Form*".

Transfer and Exchange

The Global Note may be transferred only in accordance with the Indenture. Ownership of interests in the Global Note (the "*Book-Entry Interests*") will be limited to Persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants. In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

If definitive notes in registered form ("*Definitive Registered Notes*") are issued, they will be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Paying Agent or the Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests.

Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions, and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(a) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(b) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(c) for a period of 15 days prior to the record date with respect to any interest payment date; or

(d) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer, Excess Proceeds Offer or Notes Offer.

The Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will be entitled to treat the registered holder of a Note as the owner thereof for all purposes.

The Notes will be subject to certain restrictions on transfer and certification requirements, as described under "*Transfer Restrictions*".

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes or payments made by any of the Guarantors under or with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction in which the Issuer or any Guarantor is then incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes or any political subdivision or governmental authority thereof or therein; or

(2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any paying agent for the Notes) or any political subdivision or governmental authority thereof or therein (each, a "*Tax Jurisdiction*");

will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes or payments made by any of the Guarantors under or with respect to any Note Guarantee, including, without limitation, payments of principal, redemption price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each holder of the Notes after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received by the holder in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

(a) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder of the Notes (or between a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) and the relevant Tax Jurisdiction (including, without limitation, being or having been a resident, citizen or national of such jurisdiction or being or having been present or engaged in a trade or business there or having or having had a permanent establishment therein for Tax purposes), but excluding any connection arising solely from the holding of such Note, the enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(b) any Taxes to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

(c) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes, or excise taxes imposed on the transfer of Notes;

(d) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or payments under or with respect to any Note Guarantee;

(e) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of Notes, following the Issuer's written request addressed to the holder or beneficial owner (and made at least 30 days before any such withholding or deduction at a time that would enable the holder or beneficial owner acting reasonably to comply with that request), to provide information concerning the nationality, residency or identity of such holder or beneficial owner of the Notes or to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation;

(f) any Taxes imposed on or with respect to any payment by the Issuer or Guarantor to the holder if such holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that no Additional Amounts would have been payable had such holder been the sole beneficial owner of such Note;

(g) any Taxes payable under Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof and any agreements (including any law implementing any such agreement or any intergovernmental agreements) entered into pursuant thereto; or

(h) any combination of items (a) through (g) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holders of the Notes for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction on the execution, delivery, issuance, initial resale, enforcement or registration of any of the Notes, the Indenture, any Note Guarantee or any other document referred to therein (other than a transfer of Notes other than the initial resale by the initial purchasers), or the receipt of any payments with respect thereto (limited, solely in the case of Taxes attributable to the receipt of any payments with respect thereto, to any such Taxes imposed in a Tax Jurisdiction that are not excluded under clauses (a) through (c) or (e) through (g) above or any combination thereof), or any such taxes, charges or similar levies imposed by any jurisdiction as a result of, or in connection with, the enforcement of any of the Notes or any Note Guarantee.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee (copied to the Paying Agent) on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 30 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee and the Paying Agent promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable the paying agents to pay such Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make or cause to be made all withholdings and deductions required by law and will timely remit or cause to be remitted the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. If reasonably requested by the Trustee or the Paying Agent, the Issuer or the Guarantors will provide to the Trustee or the Paying Agent such information as may be in the possession of the Issuer or the Guarantors (and not otherwise in the possession of the Trustee) to enable the Trustee or the Paying Agent to determine the amount of withholding taxes attributable to any particular holder; *provided*, *however*, that in no event shall the Issuer or the Guarantors be required to disclose any information that it reasonably deems to be confidential. For the avoidance of doubt, in no event shall the Trustee be required to determine the amount of withholding taxes attributable to any particular holder.

Whenever in the Indenture or in this "*Description of the Notes*" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes, of principal, redemption or purchase prices in connection with a redemption or purchase of the Notes, of interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture or any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandi*s, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) and any department or political subdivision thereof or therein.

Optional Redemption

Except as described below and except as described under "—*Tax Redemption*", the Notes are not redeemable until January 15, 2023. On and after January 15, 2023, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice to holders of the Notes, at the following redemption prices (expressed as a percentage of principal amount) *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on January 15 of the years indicated below:

Year	Redemption Price
2023	103.3125%
2024	101.6563%
2025 and thereafter	100.0000%

Prior to January 15, 2023, the Issuer may on any one or more occasions redeem Notes in a total aggregate principal amount not to exceed 40% of the original aggregate principal amount of the Notes (including the principal amount of any Additional Notes), in each case, upon not less than 10 nor more than 60 days' notice to holders of the Notes, with funds in an aggregate amount (the "*Redemption Amount*") not exceeding the net cash proceeds of one or more Equity Offerings at a redemption price of 106.6250% of the principal amount of the Notes so redeemed, *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(1) at least 60% of the original principal amount of the Notes (including the principal amount of any Additional Notes) remains outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

In addition, prior to January 15, 2023, the Issuer may redeem all or, from time to time, a part of the Notes upon not less than 10 nor more than 60 days' notice to holders of the Notes at a redemption price equal to 100% of the principal amount of the Notes *plus* the Applicable Redemption Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Notice of redemption will be provided as set forth under "—*Selection and Notice*" below. If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market thereof, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

Any redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering).

Notwithstanding the foregoing, in connection with any tender offer for any series of the Notes, including a Change of Control Offer, an Excess Proceeds Offer or a Notes Offer, if holders of the Notes holding not less than 90% of the aggregate principal amount of any series of outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes of such series validly tendered and not validly withdrawn by such holders, all of the holders of the Notes of such series will be deemed to have consented to such tender offer and, accordingly, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice to holders of the Notes, given not more than 30 days following such tender offer expiration date, to redeem the Notes of such series that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder (excluding any early tender or incentive fee) in such tender offer, *plus*, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but excluding, such redemption date.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to holders whose Notes will be subject to redemption by the Issuer.

Mandatory Redemption or Sinking Fund; Offers to Purchase; Open Market Purchases

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase the Notes as described under the captions "—*Purchase of Notes upon a Change of Control*" and "—*Certain Covenants—Limitation on Sale of Certain Assets*". The Issuer and any Restricted Subsidiary may at any time and from time to time purchase Notes in the open market or otherwise.

Tax Redemption

The Issuer may redeem the Notes, in whole but not in part, at the Issuer's discretion at any time upon giving not less than 10 nor more than 60 days' prior written notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—*Selection and Notice*"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts, if any, in respect thereof), if on the next date on which any amount would be payable under or in respect of the Notes or any Note Guarantee, the Issuer under or with respect to the Notes or any of the Guarantors with under or respect to any Note Guarantee, as the case may be, is or would be required to pay Additional Amounts (but, in the case of the relevant Guarantor, only if such amount cannot be paid by the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and the Issuer or Guarantor, as applicable, cannot avoid any such payment obligation by taking reasonable measures available (including making payment through a paying agent located in another jurisdiction), and the requirement arises as a result of:

(a) any amendment to, or change in, the laws or treaties (or any regulations, protocols or rulings promulgated thereunder) of a relevant Tax Jurisdiction which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(b) any amendment to, or change in, any existing official written interpretation or application of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change has not been publicly announced as formally proposed before and which becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date) (each of the foregoing clauses (a) and (b), a "*Change in Tax Law*").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or the Guarantor, as applicable, would be obligated to make such payment or withholding if a payment in respect of the Notes was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of independent tax counsel (the choice of such counsel to be subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld)) to the effect that the Issuer or Guarantor, as the case may be, is required to pay such Additional Amounts as a result of a Change in Tax Law. In addition, before the Issuer publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and that it is entitled to redeem such Notes pursuant to their terms.

The Trustee will accept and shall be entitled to conclusively rely on such Officer's Certificate and Opinion of Counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the Notes.

The foregoing provisions shall apply (a) to a Guarantor only after such Guarantor has become obligated to make at least one payment on the Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring on or after the date on which such successor Person becomes a party to the Indenture.

Purchase of Notes upon a Change of Control

If a Change of Control occurs at any time, then the Issuer must make an offer (a "*Change of Control Offer*") to each holder of the Notes to repurchase all or any part (equal to €100,000 or in integral multiples of €1,000 in excess thereof) of such holder's Notes, at a purchase price (the "*Change of Control Purchase Price*") in cash in an amount equal to 101% of the principal amount thereof, *plus* accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (the "*Change of Control Purchase Date*") (subject to the rights of holders of record on relevant regular record dates that are prior to the Change of Control Purchase Date to receive interest due on an interest payment date). Purchases made under a Change of Control Offer will also be subject to other procedures set forth in the Indenture.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes in accordance with the Indenture and all conditions to such redemption have been satisfied or waived, within 30 days following any Change of Control, the Issuer will deliver a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "*—Selection and Notice*," stating that a Change of Control Offer is being made and offering to repurchase Notes on the Change of Control Purchase Date, and the notice will state:

(a) that a Change of Control has occurred, and the date it occurred and offering to purchase the Notes on the date specified in the notice;

(b) the circumstances and relevant facts and financial information regarding the transaction or transactions that constitute a Change of Control;

(c) the Change of Control Purchase Price and the Change of Control Purchase Date, which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act and any applicable securities laws or regulations;

(d) that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Purchase Date unless the Change of Control Purchase Price is not paid;

(e) that any Note (or part thereof) not tendered will continue to accrue interest; and

(f) any other procedures that a holder of the Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

An agent of the Issuer (expected to be the Paying Agent) will at the written direction of the Issuer promptly mail (or cause to be delivered) to each holder of the Notes properly tendered the Change of Control Purchase Price for such Notes. The Trustee (or the authenticating agent appointed by it) will promptly authenticate and deliver (or cause to be transferred by book-entry) to each holder a new Note or Notes equal in principal amount to any unpurchased portion of Notes surrendered, if any, to the holder of the Notes in global form or to each holder of certificated Notes; *provided* that each new Note will be in a principal amount of €100,000 or in integral multiples of €1,000 in excess thereof. The Issuer will publicly announce the results of a Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date.

The ability of the Issuer to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that would constitute a Change of Control could trigger a mandatory repayment and cancellation of the Revolving Credit Facility Agreement and the Term Loan B Facility Agreement. In addition, certain events that may constitute a change of control under the Revolving Credit Facility Agreement, the Other Existing Syndicated Credit Facilities or other Credit Facilities may not constitute a Change of Control under the Indenture. The Issuer's future indebtedness and the future indebtedness of its Subsidiaries may also require such indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require a repurchase of the Notes upon a Change of Control could cause a default under such indebtedness, even if the Change of Control itself does not, due to the possible financial effect of such repurchase on the Issuer and its Subsidiaries.

If a Change of Control Offer is made, the Issuer cannot provide any assurance that it will have available funds sufficient to pay the Change of Control Purchase Price for all the Notes that might be delivered by holders of the Notes seeking to accept the Change of Control Offer. If the Issuer fails to make or consummate a Change of Control Offer or pay the Change of Control Purchase Price when due, such failure would result in an Event of Default and would give the Trustee and the holders of the Notes the rights described under "—*Events of Default*".

The Change of Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Issuer and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Issuer and the initial purchasers of the Notes. The Issuer has no present intention to engage in a transaction involving a Change of Control, although it is possible that the Issuer could decide to do so in the future. Subject to limitations discussed below, the Issuer could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Debt outstanding at such time or otherwise affect the Issuer's capital structure or credit ratings. Restrictions on the Issuer's ability to Incur additional Debt are contained in the covenants described below under "—*Certain Covenants—Limitation on Debt*" and "—*Limitation on Liens*". Such restrictions can only be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (subject to the provisions described under "—*Amendments and Waivers*"). Except for the limitations contained in such covenants, however, the provisions of the Indenture will not require the Issuer to make a Change of Control Offer in the event of certain highly leveraged transactions, or certain other transactions, including a reorganization, restructuring, merger or similar transaction that may adversely affect holders of the Notes, if such transaction is not a transaction defined as a Change of Control.

The Issuer will not be required to make a Change of Control Offer if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption "—*Optional Redemption*," unless and until there is a default in payment of the applicable redemption price. The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Any such transaction, however, would have to comply with the applicable provisions of the Indenture, including the "—*Limitation on Debt*" covenant.

In addition, the definitions of "Change of Control", "Permitted Holder" and "Successor Parent" expressly permit certain third parties to obtain control of the Issuer without any obligation to make a Change of Control Offer in any transaction which would require the making of such Change of Control Offer if it involved a person other than one or more Permitted Holders or a Successor Parent. For instance, if Rallye S.A., the Issuer's controlling shareholder on the Issue Date, were to have, directly or indirectly, a new controlling shareholder, such event would not constitute a Change of Control under the Indenture.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply with the requirements of applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws and regulations in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such conflict.

"*Change of Control*" means the occurrence of any of the following:

(a) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation or other similar business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to any Person other than the Issuer, a Restricted Subsidiary or one or more Permitted Holders; or

(b) the consummation of any transaction (including, without limitation, any merger or consolidation or other similar business combination transaction) the result of which is that any "person" (as that term is used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date) other than one or more Permitted Holders, becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the Voting Stock of the Issuer, measured by voting power rather than number of shares; *provided* that, for the purposes of this clause, no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes if made prior to the occurrence of the Change of Control.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of that exchange and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to a Change of Control Offer on the official website of the Luxembourg Stock Exchange.

Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Selection and Notice

If fewer than all the Notes are to be redeemed at any time, the Paying Agent or the Registrar will select the Notes for redemption in accordance with the applicable rules and procedures of Euroclear and Clearstream, or by a method that complies with the requirements, as certified to the Paying Agent and the Registrar by the Issuer, of the principal securities exchange, if any, on which the Notes are listed at such time or, if Euroclear or Clearstream prescribe no method or the Notes are not listed on a securities exchange, *pro rata*; *provided*, *however*, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than €100,000. No Notes of €100,000 or less can be redeemed in part. None of the Trustee, the Paying Agent or the Registrar shall be liable for any selections made by it in accordance with this paragraph.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. While the Notes are held in certificated form, a new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of the Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes redeemed.

Notices of redemption will be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of the Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of that exchange and the rules and regulations of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules and regulations, posted on the official website of the Luxembourg Stock Exchange and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Suspension of Certain Covenants when Notes Rated Investment Grade

If on any date following the Issue Date, the Notes attain an Investment Grade Rating from both of the Rating Agencies and no Default or Event of Default has occurred and is continuing under the Indenture (a "*Suspension Event*"), beginning on the day of the Suspension Event and continuing until such time (the "*Suspension Period*"), if any, at which the Notes cease to have an Investment Grade Rating from each Rating Agency (the "*Reversion Date*"), (whereupon the Issuer shall promptly notify the Trustee and the holders of the Notes in writing that the Notes no longer have an Investment Grade Rating), the covenants summarized under the following captions will not apply to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries:

(1) "*—Certain Covenants—Limitation on Debt*;"

(2) "*—Certain Covenants—Limitation on Restricted Payments*;"

(3) "*—Certain Covenants—Limitation on Transactions with Affiliates*;"

(4) "*—Certain Covenants—Limitation on Sale of Certain Assets*;"

(5) "*—Certain Covenants—Additional Guarantees*;"

(6) "*—Certain Covenants—Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries*;"

(7) "*—Certain Covenants—Designation of Unrestricted and Restricted Subsidiaries*;" and

(8) "*—Certain Covenants—Consolidation, Merger and Sale of Assets*" (but only clause (c) of the first paragraph of such covenant).

Such covenants and any related default provisions will again apply according to their terms on and after the Reversion Date. Such covenants will not, however, be of any effect with regard to actions of the Issuer or the Restricted Subsidiaries properly taken during the Suspension Period, and the "*—Certain Covenants—Limitation on Restricted Payments*" covenant will be interpreted as if it had been in effect since the Issue Date, except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made during the Suspension Period. On the Reversion Date, all Debt Incurred during the continuance of the Suspension Period will be classified as having been Incurred pursuant to clause (2)(e) of the covenant described under "*—Certain Covenants—Limitation on Debt*". Any transactions prohibited by the covenant described under "*—Certain Covenants—Limitation on Transactions with Affiliates*" entered into after such reinstatement pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to clause (c) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Transactions with Affiliates*". Any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (a) through (d) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries*" that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (2)(c) of the covenant described under "*—Certain Covenants—Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries*". Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

Upon the occurrence of a Suspension Event, the Issuer will promptly deliver to the Trustee an Officer's Certificate notifying it of each occurrence hereunder. The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify holders of the Notes if the Notes achieve an Investment Grade Rating from both of the Rating Agencies or upon the occurrence of a Suspension Event or a Reversion Date.

Certain Covenants

Limitation on Debt

(1) The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually or collectively, to "*Incur*" or, as appropriate, an "*Incurrence*") any Debt (including Acquired Debt); *provided, however*, that the Issuer and any Restricted Subsidiary will be permitted to Incur Debt (including Acquired Debt) if, on the date of such Incurrence and after giving effect to the Incurrence of such Debt and the application of the proceeds thereof, on a *pro forma* basis, the Consolidated Fixed Charge Coverage Ratio of the Issuer for the most recently ended four fiscal full quarters for which internal consolidated financial statements of the Issuer are available immediately preceding the Incurrence of such Debt, taken as one period, would have been at least 2.0 to 1.0.

(2) The first paragraph of this covenant will not, however, prohibit the following (collectively, "*Permitted Debt*"):

(a) the Incurrence by the Issuer or any Restricted Subsidiary of Debt under Credit Facilities (including in respect of letters of credit or banker's acceptances issued or created thereunder) and any Permitted Refinancing Debt in respect thereof and Guarantees in respect of such Debt, in an aggregate principal amount at any time outstanding not to exceed €3,000.0 million, *plus*, in the case of any refinancing of any Debt permitted under this clause (2)(a) or any portion thereof, the aggregate amount of fees, accrued and unpaid interest, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(b) the Incurrence by the Issuer of Debt represented by the Notes issued on the Issue Date and any Note Guarantee issued pursuant to the provisions of the covenant described under "*—Additional Guarantees*";

(c) the Incurrence by the Issuer or any Restricted Subsidiary of Debt under (A)(i) the Term Loan B Facility outstanding on the Issue Date (for the avoidance of doubt, excluding the Incremental Term Loan B) and (ii) one or more incremental facilities (including the Incremental Term Loan B Facility), in each case documented under the Term Loan B Facility, in an aggregate principal amount at any time outstanding not to exceed the greater of €280.0 million and 30% of LTM EBITDA and (B) the Senior Secured Notes outstanding on the Issue Date;

(d) the Incurrence by the Issuer or any Restricted Subsidiary of intercompany Debt between the Issuer and any Restricted Subsidiary or between or among Restricted Subsidiaries; *provided* that:

(i) except in respect of current liabilities Incurred in the ordinary course of business in connection with cash management, tax and accounting operations, if the Issuer or a Guarantor is the obligor on any such Debt and the payee is not the Issuer or a Guarantor, such Debt is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(ii) (A) any disposition, pledge or transfer of any such Debt to a Person other than the Issuer or a Restricted Subsidiary and (B) any transaction pursuant to which any Restricted Subsidiary that has Debt owing by the Issuer or another Restricted Subsidiary ceases to be a Restricted Subsidiary, will, in each case, be deemed to be an Incurrence of such Debt not permitted by this clause (2)(d);

(e) any Debt of the Issuer or any Restricted Subsidiary (other than Debt described in clauses (2)(a), (2)(b) and (2)(c) of this paragraph) outstanding on the Issue Date after giving effect to the Transactions on the Issue Date;

(f) (i) guarantees of the Issuer's Debt or Debt of any Restricted Subsidiary by the Issuer or any Restricted Subsidiary; *provided* that (x) the Incurrence of the Debt being guaranteed was permitted by another provision of this covenant and (y) if the Debt being guaranteed is subordinated to the Notes or to a Note Guarantee then such guarantee must be subordinated to the same extent as the Debt being guaranteed; or (ii) without limiting the covenant described under "*—Limitation on Liens*," Debt arising by reason of any Lien granted by or applicable to such Person securing Debt of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Debt and Lien is permitted under the terms of the Indenture;

(g) the Incurrence by the Issuer or any Restricted Subsidiary of Debt arising from customary agreements providing for guarantees, indemnities or obligations in respect of earn-outs or other purchase price adjustments or, in each case, similar obligations, in connection with the acquisition or disposition of any business or assets or Person or any shares of Capital Stock of a Subsidiary, other than guarantees or similar credit support given by the Issuer or any Restricted Subsidiary of Debt Incurred by any Person acquiring all or any portion of such assets for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Debt permitted pursuant to this clause (2)(g) will at no time exceed the net proceeds, including the Fair Market Value of non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received from such disposition;

(h) the Incurrence by the Issuer or any Restricted Subsidiary of Hedging Obligations, in each case, entered into not for speculative purposes (as determined in good faith by the Board of Directors or a member of senior management of the Issuer);

(i) the Incurrence by the Issuer or any Restricted Subsidiary of Debt represented by (x) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other Debt, in each case, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Permitted Business or (y) Debt otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Permitted Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Debt which refinances, replaces or refunds such Debt, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Debt Incurred pursuant to this clause (2)(i) and then outstanding, will not exceed at any time outstanding the greater of €186.0 million and 20% of LTM EBITDA; *provided* that the Debt exists on the date of such purchase, lease, rental or improvement or is created within 180 days thereafter;

(j) the Incurrence by the Issuer or any Restricted Subsidiary of Debt in respect of (i) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary in the ordinary course of business or in respect of any governmental requirement, (ii) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement; *provided, however*, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 days following such drawing, (iii) the financing of insurance premiums in the ordinary course of business and (iv) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(k) the Incurrence by the Issuer or any Restricted Subsidiary of Debt arising from (i) the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Debt is extinguished within 30 days of Incurrence; (ii) take-or-pay obligations, customer deposits and advance payments, in each case, received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business; and (iii) Debt owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries;

(l) Debt (i) of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (ii) Incurred by the Issuer or any Restricted Subsidiary to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which a Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or that was otherwise Incurred in connection with or contemplation of such acquisition; *provided, however*, that, with respect to clauses (2)(l)(i) and (2)(l)(ii), at the time of such acquisition or other transaction pursuant to which such Debt is Incurred or deemed to be Incurred, (x) the Issuer could incur at least €1.00 of additional Debt under clause (1) of this covenant after giving *pro forma* effect to such acquisition or other transaction and the Incurrence of such Debt, or (y) the Consolidated Fixed Charge Coverage Ratio of the Issuer immediately after giving effect to the Incurrence of such Debt pursuant to this clause (2)(l) would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(m) the Incurrence by the Issuer or any Restricted Subsidiary of Permitted Refinancing Debt Incurred to renew, refund, replace, refinance, defease or discharge Debt Incurred by it pursuant to, or described in, paragraph (1) or clauses (2)(b), (2)(c), (2)(e) or (2)(l) or this clause (2)(m) of this covenant, as the case may be;

(n) the Incurrence by the Issuer or any Restricted Subsidiary of Debt represented by guarantees of any Management Advances;

(o) Debt under daylight borrowing facilities Incurred in connection with any refinancing of Debt (including by way of set-off or exchange) so long as any such Debt is repaid within three days of the date on which such Debt is Incurred;

(p) the Incurrence of Debt under any Qualified Securitization Financing;

(q) the Incurrence of Debt under any Permitted Recourse Receivables Financing in an aggregate principal amount at any time outstanding not to exceed the greater of €93.0 million and 10% of LTM EBITDA;

(r) guarantees by the Issuer or any Restricted Subsidiary of Debt Incurred by joint ventures in an aggregate principal amount at any time outstanding not to exceed the greater of €140.0 million and 15% of LTM EBITDA;

(s) guarantees by the Issuer or any Restricted Subsidiary of Debt Incurred by franchisees in an aggregate principal amount at any time outstanding not to exceed the greater of €140.0 million and 15% of LTM EBITDA;

(t) the Incurrence by the Issuer or any Restricted Subsidiary of Debt (other than and in addition to Debt permitted under clauses (2)(a) through (2)(s) above or clause (2)(u) below) in an aggregate principal amount at any one time outstanding, including all Permitted Refinancing Debt Incurred to renew, refund, replace, refinance, defease or discharge any Debt Incurred pursuant to this clause (2)(t), not to exceed the greater of €186.0 million and 20% of LTM EBITDA; or

(u) the Incurrence by any Project Finance Subsidiary of Debt (other than and in addition to Debt permitted under clauses (2)(a) through (2)(t) above) constituting Project Debt in an aggregate principal amount per calendar year not to exceed €150.0 million (provided that amounts not incurred in any calendar year may not be carried over to subsequent years);

Notwithstanding the foregoing, the maximum aggregate principal amount of Debt that may be Incurred by Restricted Subsidiaries of the Issuer pursuant to paragraph (1) and clause (l)(ii) of paragraph (2) of this "*Limitation on Debt*" covenant, including any Permitted Refinancing Debt thereof, shall not exceed the greater of €186.0 million and 20% of LTM EBITDA at any time outstanding.

(3) Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of issuance and incurrence costs and original issue discount, the payment of interest in the form of additional Debt, the payment of dividends on Preferred Stock or Redeemable Capital Stock in the form of additional shares of Preferred Stock or Redeemable Capital Stock or the reclassification of commitments or obligations not treated as Debt due to a change in IFRS will not be deemed to be an Incurrence of Debt for purposes of this covenant. For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Debt, the euro equivalent of the aggregate principal amount of Debt denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Debt was Incurred, in the case of term Debt, or, at the option of the Issuer, first committed, in the case of Debt Incurred under a revolving credit facility; *provided* that (a) if such Debt is Incurred to refinance other Debt denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such refinancing Debt does not exceed the aggregate principal amount of such Debt being refinanced; (b) the euro equivalent of the aggregate principal amount of any such Debt outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Debt is subject to a Currency Agreement with respect to the currency in which such Debt is denominated covering principal and interest on such Debt, the amount of such Debt, if denominated in euro, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the euro equivalent of such amount *plus* the euro equivalent of any premium which is at such time due and payable but is not covered by such Currency

Agreement. Notwithstanding any other provision of this covenant, for purposes of determining compliance with this "*—Limitation on Debt*" covenant, increases in Debt solely due to fluctuations in the exchange rates of currencies or currency values will not be deemed to exceed the maximum amount that the Issuer or a Restricted Subsidiary may Incur under the "*—Limitation on Debt*" covenant.

(4) For purposes of determining any particular amount of Debt under this "*—Limitation on Debt*" covenant, (a) obligations with respect to letters of credit, bankers' acceptances or similar instruments, guarantees or Liens or "parallel debt," in each case supporting Debt otherwise included in the determination of such particular amount will not be included and (b) any Liens granted pursuant to the equal and ratable provisions referred to in the "*—Certain Covenants— Limitation on Liens*" covenant will not be treated as Debt.

(5) The amount of any Debt outstanding as of any date will be:

(a) in the case of any Debt issued with original issue discount, the accreted value of such Debt and in the case of pay in kind Debt, the amount of such Debt shall include any interest paid in the form of additional Debt;

(b) the principal amount of the Debt or the liquidation preference thereof, as applicable, in the case of any other Debt determined in accordance with IFRS;

(c) in respect of Debt of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(i) the Fair Market Value of such assets at the date of determination; and

(ii) the amount of the Debt of the other Person;

(d) in respect of any Redeemable Capital Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof; and

(e) for the avoidance of doubt and in accordance with IFRS, the principal amount of Debt shall be determined net of any unamortized portion of capitalized debt issuance costs.

(6) If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Debt of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Debt is not permitted to be Incurred as of such date under this "*—Limitation on Debt*" covenant, the Restricted Subsidiary shall be in Default of this covenant).

(7) In the event that an item of Debt meets the criteria of more than one of the types of Debt described in clauses (2)(a) through (2)(u) of this covenant or is entitled to be Incurred pursuant to paragraph (1) of this "*—Limitation on Debt*" covenant, the Issuer, in its sole discretion, will be permitted to classify items of Debt on the date of its Incurrence and will only be required to include the amount and type of such Debt in one of such clauses or paragraphs, and the Issuer will be entitled to divide and classify an item of Debt in more than one of the types of Debt described in paragraphs (1) and (2) of this covenant, and may change the classification of an item of Debt (or any portion thereof) to any other type of Debt described in this "*—Limitation on Debt*" covenant at any time; *provided* that (i) all Debt Incurred under the Revolving Credit Facility, the Other Existing Syndicated Credit Facilities and the Segisor Credit Facility and, in each case, any Permitted Refinancing Debt in respect thereof (and Permitted Refinancing Debt in respect of such Permitted Refinancing Debt), will be deemed to have been Incurred in reliance on the exception provided in clause (2)(a) above and may not be reclassified and (ii) all Debt Incurred pursuant to clause (2)(c) and clause 2(u) may not be reclassified.

(8) Debt permitted by this covenant need not be permitted solely by reference to one provision permitting such Debt but may be permitted in part by one such provision and in part by one or more provisions of this covenant permitting such Debt.

Financial Calculations for Limited Condition Acquisitions

Anything to the contrary herein notwithstanding, when calculating the availability under any basket or ratio under the "*—Limitation on Debt*" covenant or for the purposes of the definition of Permitted Liens, in each case, in connection with a Limited Condition Acquisition, the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such Limited Condition Acquisition are entered into and such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any Incurrence of Debt and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such Limited Condition Acquisition (and not for purposes of any subsequent availability of any basket or ratio). For the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA of the Issuer or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Acquisition, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Acquisition and the related transactions are permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such Limited Condition Acquisition or related transactions; *provided*, *further*, that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Debt and the use of proceeds thereof) shall be deemed to have occurred on the date the definitive agreements are entered into and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such Limited Condition Acquisition.

Limitation on Restricted Payments

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, take any of the following actions (each of which is a "*Restricted Payment*" and which are collectively referred to as "*Restricted Payments*"):

(a) declare or pay any dividend on or make any other payment or distribution (whether made in cash, securities or other property) with respect to any of the Issuer's or any Restricted Subsidiary's Capital Stock (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any Restricted Subsidiary) to the direct or indirect holders of the Issuer's or any Restricted Subsidiary's Capital Stock in their capacity as holders (other than (i) to the Issuer or any Restricted Subsidiary, (ii) for dividends or distributions payable solely in Qualified Capital Stock of the Issuer, or (iii) to all holders of Capital Stock of a Restricted Subsidiary on a *pro rata* basis or on a basis that results in the receipt by the Issuer or a Restricted Subsidiary of dividends or distributions of greater value than the Issuer or such Restricted Subsidiary would have received on such *pro rata* basis);

(b) purchase, repurchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation), directly or indirectly, any Capital Stock of the Issuer held by persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Qualified Capital Stock of the Issuer);

(c) make any principal payment on, or repurchase, redeem, defease or otherwise acquire or retire for value any Debt of the Issuer or any Guarantor that is Subordinated Debt (excluding any intercompany Debt between or among the Issuer and any Restricted Subsidiary), except (i) a payment of interest or principal at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Debt purchased in anticipation of satisfying a scheduled sinking fund obligation, principal installment or scheduled maturity, in each case, due within one year of the date of such purchase, repurchase or other acquisition; or

(d) make any cash interest payment or principal payment on, or repurchase, redeem, defease or otherwise acquire or retire for value, any Deeply Subordinated Perpetual Notes; or

(e) make any Investment (other than any Permitted Investment) in any Person.

(2) Notwithstanding the foregoing, the Issuer or any Restricted Subsidiary may make a Restricted Payment if, at the time of and after giving *pro forma* effect to such proposed Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Issuer could Incur at least €1.00 of additional Debt under paragraph (1) of the "—*Certain Covenants—Limitation on Debt*" covenant; and

(c) the aggregate amount of all Restricted Payments declared or made after the Issue Date (and not returned or rescinded) (including Restricted Payments permitted by clauses (3)(a) (unless already so included at the time of its declaration), (3)(d)(ii), (3)(g), (3)(h) and (3)(m)(ii) below, but excluding all other Restricted Payments described in paragraph (3) below) does not exceed the sum of (without duplication):

(i) 50% of aggregate Consolidated Adjusted Net Income of the Issuer on an accumulative basis during the period beginning on October 1, 2019, and ending on the last day of the Issuer's most recently ended fiscal quarter for which internal consolidated financial statements of the Issuer are available prior to the date of such proposed Restricted Payment (or, if such aggregate cumulative Consolidated Adjusted Net Income shall be a negative number, minus 100% of such negative amount); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by the Issuer after the Issue Date as capital contributions or from the issuance or sale (other than from or to any Subsidiary or controlled Affiliate of the Issuer) of shares of Qualified Capital Stock of the Issuer (including upon the exercise of options, warrants or rights) or warrants, options or rights to purchase, the shares of the Issuer's Qualified Capital Stock (excluding the net cash proceeds from the issuance of the Issuer's Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Issuer or any Restricted Subsidiary until and to the extent such borrowing is repaid); *plus*

(iii) (x) the amount by which the Issuer's Debt or Debt of any Restricted Subsidiary is reduced on the Issuer's consolidated balance sheet after the Issue Date upon the conversion or exchange (other than by the Issuer or its Restricted Subsidiary) of such Debt into the Qualified Capital Stock of the Issuer and (y) the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received after the Issue Date by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to any Restricted Subsidiary) of Redeemable Capital Stock of the Issuer or any Restricted Subsidiary that has been converted into or exchanged for the Qualified Capital Stock of the Issuer to the extent such Redeemable Capital Stock of the Issuer was originally sold for cash or Cash Equivalent Investments, together with, in the case of both sub-clauses (x) and (y), the aggregate net cash proceeds and the Fair Market Value of property of assets or marketable securities received by the Issuer or any Restricted Subsidiary at the time of such conversion or exchange (excluding the net cash proceeds or property or assets or marketable securities from the issuance of the Qualified Capital Stock of the Issuer financed, directly or indirectly, using funds borrowed from the Issuer or any Restricted Subsidiary until and to the extent such borrowing is repaid); *plus*

(iv) (x) in the case of any Investment that is sold, disposed of or otherwise cancelled, liquidated or repaid, constituting a Restricted Payment made after the Issue Date, an amount equal to 100% of the aggregate amount received in cash and the Fair Market Value of property or assets or marketable securities received by the Issuer or any Restricted Subsidiary and (y) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or if an Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary or the assets of an Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary (as long as, in each case, the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Payment), the Fair Market Value of the Issuer's interest in such Subsidiary as of the date of such designation or at the time of such merger, consolidation or transfer of assets; *plus*

(v) to the extent that any Investment constituting a Restricted Payment that was made after the Issue Date is made in an entity that subsequently becomes a Restricted Subsidiary, the Fair Market Value of such Investment of the Issuer and the Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary.

(3) Paragraphs (1) and (2) above will not prohibit (so long as with respect to clauses (3)(m) and (3)(n) below no Default or Event of Default has occurred and is continuing) any of the following (collectively "*Permitted Payments*"):

(a) the payment of any dividend within 60 days after the date of its declaration if at such date of its declaration such payment would have been permitted by the provisions of this covenant;

(b) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of a substantially concurrent issuance and sale (other than to a Subsidiary of the Issuer) of, shares of the Issuer's Qualified Capital Stock, or from the substantially concurrent contribution of common equity capital to the Issuer; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clauses (2)(c)(ii) and (2)(c)(iii) above and will not be considered net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Notes;

(c) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Debt in exchange for, or out of the net cash proceeds of an Incurrence (other than to a Subsidiary) of, Permitted Refinancing Debt;

(d) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Debt (other than any Subordinated Debt held by Affiliates of the Issuer) (i) upon a Change of Control or Asset Sale to the extent required by the agreements governing such Debt; *provided* that the Issuer shall have complied with the "*—Purchase of Notes upon a Change of Control*" or "*—Limitation on Sale of Certain Assets*" covenant, as the case may be, and the Issuer repurchased all Notes tendered pursuant to the offer required by such covenants prior to offering to purchase, purchasing or repaying such Debt; *provided further* that the purchase price for such Subordinated Debt shall not be greater than 101% of the principal amount thereof in respect of a Change of Control or 100% of the principal amount thereof in respect of an Asset Sale, in each case *plus* accrued and unpaid interest and (ii) consisting of Acquired Debt (other than Debt Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and at a purchase price not greater than 100% of the principal amount of such Subordinated Debt *plus* accrued and unpaid interest and any premium required by the terms of such Acquired Debt;

(e) the repurchase of Capital Stock deemed to occur upon the exercise of stock options or warrants to the extent such Capital Stock represents a portion of the exercise price of those stock options or warrants;

(f) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any Restricted Subsidiary to allow the payment of cash in lieu of issuing fractional shares upon (i) exercise of options or warrants or (ii) the exchange or conversion of Capital Stock of any such Person;

(g) advances or loans to (i) either any future, present or former officer, director, employee, consultant or independent contractor of the Issuer or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or a Restricted Subsidiary or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement, or (ii) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or a Restricted Subsidiary; *provided* that the total aggregate amount of Restricted Payments made under this clause (3)(g), when aggregated with the total amount of the Permitted Investments made under sub-clause (b) of the definition of "Management Advances" in clause (m) of the definition of "Permitted Investments", does not exceed €30.0 million in the aggregate outstanding at any time;

(h) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Qualified Capital Stock of the Issuer, Capital Stock of a Restricted Subsidiary held by either any current or former officer, director, employee, consultant or independent contractor of the Issuer or any Restricted Subsidiary pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock does not exceed an aggregate amount of €50.0 million;

(i) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Redeemable Capital Stock, or of any Preferred Stock of a Restricted Subsidiary, in each case Incurred in accordance with the terms of the "*Limitation on Debt*" covenant;

(j) the payment of any Securitization Fees and purchases of Securitization Assets and related assets pursuant to a Securitization Repurchase Obligation, in each case, in connection with a Qualified Securitization Financing or a Permitted Recourse Receivables Financing;

(k) any purchase, directly or indirectly, of Qualified Capital Stock of the Issuer under a liquidity contract arrangement (*contrat de liquidité*) in accordance with applicable French law in an aggregate amount not to exceed €30.0 million *plus* the aggregate net cash proceeds received by the Issuer and any Restricted Subsidiary from the sale of Qualified Capital Stock of the Issuer under such liquidity contract; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clauses (2)(c)(ii) and (2)(c)(iii) above and will not be considered net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Notes;

(l) the declaration and payment of regularly scheduled interest to holders of any class or series of Existing Deeply Subordinated Perpetual Notes;

(m) Restricted Payments (including loans and advances) in an aggregate amount outstanding at any time not to exceed (i) the greater of €100.0 million and 11% of LTM EBITDA, *plus* (ii) from January 1, 2021, the greater of €100.0 million and 11% of LTM EBITDA *per annum*, with (in the case of this sub-clause (ii)) any unused amounts in any fiscal year thereafter not carried over; and

(n) any other Restricted Payment; *provided* that the Consolidated Leverage Ratio of the Issuer on a *pro forma* basis after giving effect to such Restricted Payment does not exceed 3.5 to 1.0.

(4) The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The Fair Market Value of any cash Restricted Payment shall be its face amount, and the Fair Market Value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith.

Limitation on Transactions with Affiliates

The Issuer will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets or property or the rendering of any service) for the benefit of any Affiliate of the Issuer (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of the greater of €47.0 million and 5% of LTM EBITDA unless:

(a) such transaction or series of related transactions is on terms that, taken as a whole, are not materially less favorable to the Issuer or the relevant Restricted Subsidiary, as the case may be, than those that could have been obtained in a comparable arm's-length transaction with Persons that are not Affiliates; and

(b) the Issuer delivers to the Trustee, with respect to any such transaction or series of related transactions involving aggregate payments or the transfer of assets or provision of services, in each case, having a value exceeding the greater of €93.0 million and 10% of LTM EBITDA, a resolution of its Board of Directors set out in an Officer's Certificate certifying that such transaction or series of related transactions complies with this covenant and that such transaction or series of related transactions has been approved by a majority of the members of its Board of Directors.

Notwithstanding the foregoing, the restrictions set forth in this description will not apply to:

(a) any issuance of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, collective bargaining, consulting, employee benefit arrangement, agreement or program, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer or any Restricted Subsidiary, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of employees, consultants, independent contractors, officers or directors approved by the Board of Directors of the Issuer, in each case, in the ordinary course of business;

(b) any Restricted Payments permitted to be made pursuant to the "*—Limitation on Restricted Payments*" covenant, any Permitted Payment or any Permitted Investments (other than a Permitted Investment described in clauses (c)(iii), (j), (o), (r) and (v) of the definition thereof);

(c) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to, or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or arrangement or instrument in effect as of or on the Issue Date, as these agreements and arrangements or instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the holders of the Notes in any material respect, and the entry into and performance of any registration rights or other listing agreement;

(d) any transaction in the ordinary course of business (i) between or among the Issuer and any Restricted Subsidiary or between or among Restricted Subsidiaries or (ii) with any Affiliate of the Issuer or an Associate or similar entity (in each case other than an Unrestricted Subsidiary of the Issuer), in the case of this clause (ii), that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(e) transactions between or among the Issuer and the Restricted Subsidiaries (or entity that becomes a Restricted Subsidiary as a result of such transaction) or between or among Restricted Subsidiaries and any guarantees issued by the Issuer or a Restricted Subsidiary for the benefit of the Issuer or a Restricted Subsidiary, as the case may be, in accordance with the "*—Limitation on Debt*" covenant;

(f) the execution, delivery and performance of any tax sharing agreement or any arrangement among the Issuer or any Restricted Subsidiary and any other Person with which the Issuer or any Restricted Subsidiary files or filed a consolidated tax return or with which the Issuer or any Restricted Subsidiary is or was part of a consolidated group for tax purposes; *provided*, *however*, that such payments, and the value of such transactions, shall not exceed the amount of tax that the Issuer or such Restricted Subsidiaries would owe without taking into account such other Person;

(g) (i) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, providers of employees or other labor in the ordinary course of business or (ii) transactions, agreements or payments (including franchise fees and royalties) related to the licensing or sub-licensing of intellectual property (including, without limitation, trademarks, copyrights, licenses and related rights) or other general intangibles that, in the case of (i) and (ii) are otherwise in compliance with the terms of the Indenture and that are fair to the Issuer or the Restricted Subsidiaries or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person, in each case, as determined in good faith by the Board of Directors or a member of senior management of the Issuer;

(h) the payment of reasonable fees and reimbursement of expenses to, and indemnities and similar payments (including the payment of directors' and officers' insurance premiums) and employee benefit and pension expenses provided on behalf of, employee and director salaries, bonuses and payments of other fees to officers, consultants, independent contractors and directors of the Issuer and the Restricted Subsidiaries (whether directly or indirectly including through any Person owned or controlled by any such directors, officers or employees) in the ordinary course of business;

(i) issuances or sales of Qualified Capital Stock of the Issuer;

(j) Management Advances and any waiver or transaction with respect thereto;

(k) transactions (i) on terms that, taken as a whole, are not materially less favorable to the Issuer or the relevant Restricted Subsidiary, as the case may be, than those that could have been obtained in a comparable arm's-length transaction with Persons that are not Affiliates of the Issuer and (ii) in respect of which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial

Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis; and

(l) any transaction effected as part of or in connection with a Qualified Securitization Financing or a Permitted Recourse Receivables Financing.

Limitation on Liens

The Issuer will not, and the Issuer will not cause or permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or suffer to exist any Lien (the "*Initial Lien*") of any kind securing Debt upon any of its property or assets now owned or hereafter acquired, except (a) Permitted Liens or (b) Liens on property or assets that are not Permitted Liens if the obligations under the Notes and the Note Guarantees are secured at least equally and ratably with, or, in the case of Liens in respect of Subordinated Debt, prior or senior to, the Debt secured by such Initial Lien for so long as such Debt is so secured.

Any Lien created for the benefit of the holders of the Notes pursuant to the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged under any one or more of the following circumstances:

(a) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets which are subject to such Liens to a Person that is not (either immediately before or immediately after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the covenant described under "*—Limitation on Sale of Certain Assets*";

(b) upon a release of the Lien (the "*Initial Lien*") that resulted in the creation of the Lien (the "*Notes Lien*") under the first paragraph of this covenant so long as immediately after the release of the Notes Lien there is no other Debt secured by a Lien on the property and assets that were the subject of the Initial Lien and Notes Lien that would result in the requirement for the Notes to be secured equally and ratably with, or prior to, such Lien;

(c) upon the full and final payment and performance of all obligations of the Issuer under the Indenture and the Notes;

(d) in accordance with the caption entitled "*—Amendments and Waivers*";

(e) (i) as a result of a transaction permitted by the covenant described under the caption entitled "*—Consolidation, Merger and Sale of Assets*" or (ii) in connection with a Permitted Reorganization; and

(f) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Legal Defeasance or Covenant Defeasance of Indenture*" and "*—Satisfaction and Discharge*".

Following written request by the Issuer, the Trustee will take all necessary action required to effect any release of a Lien securing the Notes, in accordance with the provisions of the Indenture.

Limitation on Sale of Certain Assets

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale unless:

(a) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Sale is not less than the Fair Market Value (such Fair Market Value to be determined as of the date of contractually agreeing to such Asset Sale) of the assets sold or Capital Stock issued or sold or otherwise disposed of; and

(b) except in the case of a Permitted Asset Swap, at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Sale consists of (i) cash; (ii) Cash Equivalents; (iii) any securities, notes or other obligations received by the Issuer or any such Restricted

Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion; (iv) the assumption by the purchaser of any liabilities, as recorded on the balance sheet of the Issuer or any Restricted Subsidiary (other than Subordinated Debt), that are assumed by the transferee of any such assets and as a result of which the Issuer and the Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities; (v) Debt of any Restricted Subsidiary (other than Subordinated Debt) that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Issuer and each Restricted Subsidiary are released from any guarantee of such Debt in connection with such Asset Sale; (vi) any Capital Stock or assets of the kind referred to in clauses (2)(e) or (2)(f) of this covenant; (vii) consideration consisting of Debt (or the cancellation of Debt) of the Issuer or any Restricted Subsidiary (other than Subordinated Debt) received by the Issuer or any Guarantor from Persons who are not the Issuer or any Restricted Subsidiary; (viii) any Designated Non-cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Sale; *provided* that the aggregate Fair Market Value of such Designated Non-cash Consideration, taken together with the Fair Market Value at the time of receipt of all other Designated Non-cash Consideration received and designated as such pursuant to this sub-clause (viii) (with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value), is less than the greater of €140.0 million and 15% of LTM EBITDA; or (ix) a combination of the consideration specified in sub-clauses (i) to (viii).

(2) If the Issuer or any Restricted Subsidiary consummates an Asset Sale, the Net Cash Proceeds from such Asset Sale, within 365 days after the consummation of such Asset Sale, may be used or committed in a binding commitment to be used (*provided* that such Net Cash Proceeds are actually used within the later of 365 days from the consummation of the Asset Sale and 180 days from the date of such binding commitment) at the option of the Issuer or any Restricted Subsidiary:

(a) to redeem, repay or purchase Notes (including Additional Notes) (i) pursuant to an offer to all holders of the Notes at a purchase price equal to at least 100% of the principal amount of the Notes, *plus* accrued and unpaid interest thereon and Additional Amounts, if any, to (but not including) the date of purchase (a "*Notes Offer*") and/or (ii) pursuant to the redemption provisions set forth above under "*—Optional Redemption*";

(b) to purchase or prepay or redeem or repay (i) any Debt of the Issuer or any of its Restricted Subsidiaries that is secured by a Lien on assets or property of the Issuer or any of its Restricted Subsidiaries, (ii) any Debt under the Other Existing Syndicated Credit Facilities, (iii) any Debt under the Existing EMTN Bonds, (iv) any Debt under the Segisor Credit Facility, or (v) any Debt of a Restricted Subsidiary that is not the Issuer or a Guarantor;

(c) to purchase or prepay or redeem or repay any Pari Passu Debt which is Public Debt not otherwise described in clause (b) above at a price of no more than 100% of the principal amount (or accreted value, as applicable) of such Debt (*plus* accrued and unpaid interest) so long as the Issuer or such Restricted Subsidiary makes an offer on a *pro rata* basis to all holders of the Notes at a purchase price equal to no less than 100% of the principal amount of the Notes, *plus* accrued and unpaid interest thereon and Additional Amounts, if any, to (but not including) the date of purchase;

(d) to acquire all or substantially all the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(e) to make a capital expenditure at the Issuer or any Restricted Subsidiary;

(f) to acquire other assets (other than Capital Stock) that are used or useful in a Permitted Business at the Issuer or any Restricted Subsidiary;

(g) to be credited to the Segregated Accounts; or

(h) any combination of the foregoing.

(3) Pending the final application of any Net Cash Proceeds (including cash or Cash Equivalent Investments received from the conversion of any securities, notes or other obligations), the Issuer (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the Indenture.

(4) Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clause (2) of this covenant will constitute "*Excess Proceeds*". The Issuer may also at any time, and the Issuer will within ten Business Days after the aggregate amount of Excess Proceeds exceeds €50.0 million, make an offer (an "*Excess Proceeds Offer*") to purchase, prepay or redeem with the proceeds of sales of assets the maximum principal amount of Notes and Pari Passu Debt, to the extent required by the terms thereof, on a *pro rata* basis, in accordance with the procedures set forth in the Indenture or the agreements governing any such Pari Passu Debt. The offer price for the Notes and any such Pari Passu Debt will be payable in cash in an amount equal to 100% of the principal amount of such Note (and solely in the case of Pari Passu Debt, no greater than 100% of the principal amount (or accreted value, as applicable) of such Debt), *plus* in each case accrued and unpaid interest, if any, to the date of purchase and Additional Amounts, if any, to the date of purchase, prepayment or redemption.

(5) To the extent that the aggregate principal amount of the Notes and any such Pari Passu Debt tendered pursuant to an Excess Proceeds Offer is less than the aggregate amount of Excess Proceeds, the Issuer (or applicable Restricted Subsidiary) may use the amount of such Excess Proceeds not used to purchase the Notes and other Pari Passu Debt for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of the Notes and any such Pari Passu Debt to be prepaid or validly tendered and not withdrawn by holders thereof exceeds the aggregate amount of Excess Proceeds, the Notes and any such Pari Passu Debt to be purchased will be purchased, prepaid or redeemed, as applicable, on a *pro rata* basis (based upon the principal amount of the Notes and the principal amount or accreted value of such Pari Passu Debt to be prepaid or tendered by each holder). Upon completion of each such Excess Proceeds Offer, the amount of Excess Proceeds will be reset to zero. If the aggregate principal amount of Notes to be purchased exceeds the amount of proceeds received for application to such principal amount, the Paying Agent or the Registrar will select the Notes to be purchased on a *pro rata* basis (or in the manner described under "*—Selection and Notice*"), based on the amounts tendered.

(6) If the Issuer is obligated to make an Excess Proceeds Offer, the Issuer will purchase the Notes and Pari Passu Debt, at the option of the holders thereof, in whole or in part in integral multiples of €1,000, on a date that is not earlier than 30 days and not later than 60 days from the date the notice of the Excess Proceeds Offer is given to such holders, or such later date as may be required under the Exchange Act; *provided* that no Note of less than €100,000 remains outstanding thereafter.

(7) The Issuer will comply with the applicable requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Excess Proceeds Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached their respective obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

Additional Guarantees

The Issuer will not permit any of its Restricted Subsidiaries that is not a Guarantor, directly or indirectly, to guarantee the payment of any other Debt of the Issuer or any Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for a Note Guarantee of the payment of the Notes by such Restricted Subsidiary, which Note Guarantee will be *pari passu* with or senior to such Restricted Subsidiary's guarantee of such other Debt.

Each additional Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

The first paragraph of this covenant will not be applicable to any guarantee of any Restricted Subsidiary (a) existing on the Issue Date (after giving effect to the Transactions on the Issue Date); (b) that existed at the time such Person became a Restricted Subsidiary if the guarantee was not Incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; or (c) given to a bank or trust company having combined capital and surplus and undivided profits of not less than €250.0 million, whose debt has a rating, at the time such guarantee was given, of at least "BBB" or the equivalent thereof by S&P and at least "Baa2" or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the benefit of the Issuer or the Restricted Subsidiaries.

Notwithstanding the foregoing, the Issuer shall not be obligated to cause a Restricted Subsidiary to guarantee the payment of the Notes to the extent that such Note Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in (a) a violation of applicable law, which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or the Restricted Subsidiary; (b) any liability for the officers, directors or shareholders of such Restricted Subsidiary; or (c) significant cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses Incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (b) undertaken in connection with, such Note Guarantee, which cannot be avoided through measures reasonably available to the Issuer or any Restricted Subsidiary.

The Note Guarantee of a Guarantor, if any, may be automatically released:

(a) in connection with any sale, transfer or other disposition of all or substantially all of the assets of that Guarantor, including by way of merger, consolidation, amalgamation or combination, to a Person that is not (either immediately before or immediately after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the covenant described under "*—Limitation on Sale of Certain Assets*";

(b) in connection with any sale, transfer or other disposition of Capital Stock of that Guarantor or any parent of that Guarantor to a Person that is not (either immediately before or immediately after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the covenant described under "*—Limitation on Sale of Certain Assets*" and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale, transfer or other disposition;

(c) with respect to the Note Guarantee of any Guarantor that was required to provide such Note Guarantee pursuant to the first paragraph of this covenant, upon such Guarantor being unconditionally released and discharged from its liability with respect to the Debt giving rise to the requirement to provide such Note Guarantee so long as no other Debt guaranteed by the relevant Guarantor would result in the requirement that such Guarantor provide a Note Guarantee pursuant to this covenant immediately after the release of such Note Guarantee;

(d) upon the full and final payment and performance of all obligations of the Issuer under the Indenture and the Notes;

(e) in accordance with the caption entitled "*—Amendments and Waivers*";

(f) (i) as a result of a transaction permitted by the covenant described under the caption entitled "*—Consolidation, Merger and Sale of Assets*" or (ii) in connection with a Permitted Reorganization;

(g) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Legal Defeasance or Covenant Defeasance of Indenture*" and "*—Satisfaction and Discharge*"; and

(h) if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture.

Upon any occurrence giving rise to a release as specified above, the Trustee, subject to receipt of customary protections and indemnifications, will execute any documents reasonably requested in order to evidence or effect such release, discharge and termination in respect of such guarantee. Neither the Issuer nor any Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries

(1) The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits;

(b) pay any Debt owed to the Issuer or any Restricted Subsidiary;

(c) make loans or advances to the Issuer or any Restricted Subsidiary; or

(d) transfer any of its properties or assets to the Issuer or any Restricted Subsidiary;

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination (including the application of any standstill period to) of loans or advances made to the Issuer or any Restricted Subsidiary to other Debt Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

(2) The provisions of the covenant described in paragraph (1) above will not apply to encumbrances or restrictions existing under or by reason of:

(a) the Notes (including Additional Notes) and the Indenture;

(b) any agreements or instruments with respect to Debt of the Issuer or any Restricted Subsidiary permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of "—*Limitation on Debt*," and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that such encumbrances or restrictions taken as a whole, as determined in good faith by the Board of Directors or a member of senior management of the Issuer, are not materially less favorable to the holders of the Notes than (i) the encumbrances and restrictions contained in the Notes and the Indenture, in each case, as in effect on the Issue Date or (ii) is customary in comparable financings and, in the case of this sub-clause (ii), the Issuer determines at the time such Debt is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes (as determined in good faith by the Board of Directors, the chief executive officer, chief financial officer or treasurer of the Issuer);

(c) any agreements or instruments (including with respect to Debt) in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date (as determined in good faith by the Board of Directors or a member of senior management of the Issuer);

(d) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(e) any agreement or other instrument of a Person (including its Subsidiaries) acquired by the Issuer or any Restricted Subsidiary in effect at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired (including its Subsidiaries);

(f) any agreement for the sale or other disposition of the Capital Stock or all or substantially all the property and assets of a Restricted Subsidiary that restricts distributions of such Capital Stock or property and assets of that Restricted Subsidiary pending its sale or other disposition;

(g) Liens permitted to be Incurred under the provisions of the covenant described above under the caption "—*Limitation on Liens*" that limit the right to dispose of the assets subject to such Liens;

(h) applicable law, rule, regulation or order or the terms of any governmental licenses, authorizations, concessions, franchises or permits;

(i) encumbrances or restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies or indemnities, in each case, under contracts, agreements or policies entered into in the ordinary course of business;

(j) customary limitations on the distribution or disposition of assets or property in leases, licenses, joint venture and shareholder agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitations are applicable only to the assets that are the subject of such agreements;

(k) Purchase Money Obligations and mortgage financings for property acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (1)(d) of the preceding paragraph;

(l) any agreement that extends, renews, amends, modifies, restates, supplements, refunds, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (2)(a) through (2)(k), or in this clause (2)(l); *provided* that the terms and conditions of any such encumbrances or restrictions are not materially less favorable, taken as a whole, to the holders of the Notes than those under or pursuant to the agreement so extended, renewed, amended, modified, restated, supplemented, refunded, refinanced or replaced (as determined in good faith by the Board of Directors, the chief executive officer, chief financial officer or treasurer of the Issuer);

(m) any encumbrance or restriction pursuant to Hedging Obligations;

(n) any Qualified Securitization Financing; and

(o) any Permitted Recourse Receivables Financing.

Certain Transfers to Unrestricted Subsidiaries

Notwithstanding anything to the contrary contained herein, no Material Intellectual Property and any rights thereto owned by the Parent Company or its Restricted Subsidiaries shall be permitted to be transferred to any Unrestricted Subsidiary, directly or indirectly, whether by (i) designation pursuant to the covenant under "—*Designation of Unrestricted and Restricted Subsidiaries*" or (ii) sale, transfer or other disposition.

Designation of Unrestricted and Restricted Subsidiaries

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer to be an Unrestricted Subsidiary (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) if no Default or Event of Default shall have occurred or be continuing at the time of or immediately after giving effect to such designation and such Subsidiary to be so designated or any of its Subsidiaries does not own any Capital Stock or Debt of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer that is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and the Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—*Limitation on Restricted Payments*" or under one or more clauses of the definition of "Permitted Investments", as determined by the Issuer. That designation will only be permitted if the Investment of the Issuer in such Subsidiary would be permitted at that time under the covenant "—*Limitation on Restricted Payments*". The Board of Directors of the Issuer may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—*Limitation on Restricted Payments*".

The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an Incurrence of Debt by a Restricted Subsidiary of any outstanding Debt of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Debt is permitted under the covenant described under the caption "—*Limitation on Debt*," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation. Any designation of an Unrestricted Subsidiary of the Issuer as a Restricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions.

Provision of Information

So long as the Notes are outstanding, the Issuer will furnish to the Trustee:

(a) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ending December 31, 2020, annual reports in English containing the following information with a level of detail that is reasonably consistent with the Offering Memorandum: (i) audited consolidated balance sheets of the Issuer as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the two most recent fiscal years, including complete footnotes to such financial statements and the report of its independent auditors on the financial statements; (ii) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisition or disposition or material recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, in each case unless *pro forma* information has been provided in a previous report pursuant to clauses (b) or (c) below; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; (iii) an operating and financial review of the audited financial statements, including a discussion of the consolidated results of operations, financial condition, EBITDA and liquidity and capital resources, and a discussion of material commitments and contingencies, capital expenditures and critical accounting policies; (iv) a description of the business, management and shareholders of the Issuer, material affiliate transactions, material debt instruments and material contracts; and (v) material recent developments and any material changes to the risk factors disclosed in the most recent annual report;

(b) within 60 days following the end of the first and third fiscal quarters in each fiscal year of the Issuer, and within 75 days following the end of the second fiscal quarter in each fiscal year of the Issuer, beginning with the quarter ending March 31, 2021, all quarterly financial statements of the Issuer in English containing the following information: (i) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year period (which may be presented on a *pro forma* basis), together with condensed footnote disclosure; (ii) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisition or disposition as determined with reference to the most recently completed fiscal quarter as to which such quarterly report relates or material recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report related, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (c) below; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of material acquisition, acquired company financials, (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated results of operations, financial condition and EBITDA and material changes in liquidity and capital resources of the Issuer and any material change between the current year-to-date period and the corresponding period of the prior year; and (iv) material recent developments and any material changes to the risk factors disclosed in the most recent annual report;

(c) promptly after the occurrence of any material acquisition, disposition, restructuring or business consolidation or combination of the Issuer and the Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Issuer or change in auditors of the Issuer or any other material event that the Issuer announces publicly, a report in English containing a description of such event;

(d) simultaneously with the reports and information referred to under clauses (a) and (b) above, quarterly information in English with respect to the main financial metrics of the Issuer and its Subsidiaries, which shall include, at a minimum, revenue, EBITDA, gross financial debt and cash, along with (i) a breakdown identifying the impact of the Latam Group on such consolidated metrics of the Issuer and its Subsidiaries, and (ii) a reconciliation between (x) such metrics pursuant to IFRS as of the date of such reports and information and (y) such metrics pursuant to IFRS excluding the impact of IFRS 16 Leases and any successor standard thereto, in each case with high level commentaries on the variations of such metrics compared to the prior period;

(e) simultaneously with the reports and information referred to under clauses (a) and (b) above, in English, amounts credited to or debited from the Segregated Accounts during such period, together with their respective balances as at the end of such period; and

(f) in English, such other material information that it is required to make publicly available pursuant to the French Listed Company Requirements as a result of having its ordinary shares admitted for trading on Euronext Paris;

provided that the Issuer shall be deemed to have provided the information set forth in clauses (a) through (e) of this covenant if it has posted such information to its company website and such information is publicly available within the meaning of the French Listed Company Requirements.

So long as the Issuer's ordinary shares are admitted for trading on Euronext Paris and the Issuer complies with the French Listed Company Requirements, to the extent that such requirements include an obligation to prepare and make publicly available annual and semi-annual financial reports, information, documents and other reports in accordance with the French Listed Company Requirements in English, the Issuer will be deemed to have complied with the provisions contained in clauses (a), (b), (c) and (e) of the first paragraph of this covenant; *provided* that (x) the Issuer makes publicly available for the first and third quarters in each fiscal year of the Issuer, through a press release, the main financial metrics of the Issuer and its Subsidiaries, which shall include, at a minimum, revenue, EBITDA, gross financial debt and cash, in each case with high level commentaries on the variations of such metrics compared to the prior period, within 60 days following the end of such quarter, and (y) for each quarter in each fiscal year of the Issuer, the Issuer also provides the information required by clauses (d) and (e) of the first paragraph of this covenant simultaneously with the reports and other information provided pursuant to this second paragraph.

All historical financial statements shall be prepared in accordance with IFRS as in effect from time to time. Except as provided for above, no report need include separate financial statements for the Issuer or any Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum and in no event (i) shall U.S. GAAP information or reconciliation to U.S. GAAP be required nor (ii) shall such report include separate financial statements for any Guarantor and non-Guarantor Subsidiaries of the Issuer.

In addition, so long as any of the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b) under the Exchange Act, the Issuer will make available to any prospective purchaser of Notes or beneficial owner of Notes in connection with any sale thereof the information required by Rule 144A(d)(4) under the Securities Act.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first and second paragraphs of this "—*Provision of Information*" covenant will include information in English setting out, with respect to the main financial metrics of the Issuer and its Subsidiaries, which shall include, at a minimum, revenue, EBITDA, gross financial debt and cash, along with (i) a breakdown identifying the impact of such Unrestricted Subsidiary or group of Unrestricted Subsidiaries on such consolidated metrics of the Issuer, and (ii) a reconciliation between (x) such metrics pursuant to IFRS as of the date of such reports and information and (y) such metrics pursuant to IFRS as defined under the Indenture (i.e., excluding the impact of IFRS 16 Leases and any successor standard thereto).

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the Commission or (ii) the Issuer elects to provide reports which, if filed with the Commission, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the Commission pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in clauses (a), (b) and (c) above.

Consolidation, Merger and Sale of Assets

The Issuer

The Issuer will not, directly or indirectly, (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving Person), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries which are Restricted Subsidiaries, taken as a whole, in a single transaction or through a series of related transactions, to another Person, unless:

(a) at the time of, and immediately after giving effect to, any such transaction or series of transactions, either (i) the Issuer will be the surviving Person or (ii) the Person (if other than the Issuer) formed by or surviving any such consolidation or merger or to which such sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all the properties and assets of the Issuer and its Subsidiaries, taken as a whole, has been made (the "*Issuer Surviving Entity*"):

(x) will be a Person duly incorporated and validly existing under the laws of any member state of the European Union, Switzerland, Canada or any province of Canada, the United States of America, any state thereof or the District of Columbia; and

(y) will expressly assume the Issuer's obligations under the Notes and the Indenture pursuant to a supplemental indenture and any other relevant document, in each case, delivered to the Trustee;

(b) immediately after giving effect to such transaction or series of transactions on a *pro forma* basis (and treating any obligation of the Issuer or any of its Subsidiaries Incurred in connection with or as a result of such transaction or series of related transactions as having been Incurred by the Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default will have occurred and be continuing and no default would result under any other agreement to which the Issuer or any of its Restricted Subsidiaries is a party;

(c) the Issuer or the Issuer Surviving Entity would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to Incur at least €1.00 of additional Debt pursuant to the Consolidated Fixed Charge Coverage Ratio test set forth in clause (1) of the "*—Limitation on Debt*" covenant or (ii) have a Consolidated Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(d) the Issuer or the Issuer Surviving Entity will have delivered to the Trustee, in form satisfactory to the Trustee, an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition, and if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this covenant and that the supplemental indenture and the Notes constitute the Issuer's or Issuer Surviving Entity's legal, valid and binding obligations, enforceable in accordance with their terms *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (b) and (c) above.

The Issuer Surviving Entity will succeed to, be substituted for and may exercise every right and power of the Issuer under the Notes and the Indenture.

Guarantors

A Guarantor (other than any Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "*—Additional Guarantees*") will not, directly or indirectly, (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving Person), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Guarantor and its Subsidiaries which are Restricted Subsidiaries, taken as a whole, in a single transaction or through a series of related transactions, to another Person, unless:

(a) immediately after giving effect to that transaction, no Default or Event of Default will have occurred and be continuing; and

(b) either:

(i) the Person acquiring the property or assets in any such sale or disposition or the Person formed by or surviving any such consolidation or merger (if other than the Issuer or a Guarantor) assumes all the obligations of such Guarantor under its Note Guarantee and the Indenture pursuant to a supplemental indenture and any other relevant document, in each case, delivered to the Trustee; or

(ii) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture.

Notwithstanding anything to the contrary contained herein, this "*Consolidation, Merger and Sale of Assets*" covenant will not apply to any transaction or arrangement that is a Permitted Reorganization.

Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Luxembourg Stock Exchange for so long as such Notes are outstanding; *provided* that if the Issuer is unable to obtain admission to listing of the Notes on the Luxembourg Stock Exchange or if at any time the Issuer determines that it will not maintain such listing, it will use its commercially reasonable efforts to obtain and maintain a listing of such Notes on another recognized stock exchange.

Events of Default

(1) Each of the following will be an "*Event of Default*" under the Indenture:

(a) default for 30 days in the payment when due of any interest or any Additional Amounts on any Note;

(b) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of or premium, if any, on any Note;

(c) failure by the Issuer or any Restricted Subsidiary for 60 days after written notice to the Issuer by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (a) or (b) above) or the Notes or the Note Guarantees;

(d) default under the terms of any instrument evidencing or securing Debt by the Issuer or any Restricted Subsidiary (other than Debt owed to the Issuer or a Restricted Subsidiary) if that default (x) results in the acceleration of the payment of such Debt or (y) is caused by a failure to pay principal of such Debt at the Stated Maturity thereof after giving effect to any applicable grace periods, and such failure to make any payment has not been waived or the maturity of such Debt has not been extended (a "*Payment Default*"), and in either case the aggregate principal amount of such Debt unpaid or accelerated exceeds €60.0 million;

(e) any Note Guarantee of a Significant Subsidiary or a group of Guarantors that, taken as a whole, would constitute a Significant Subsidiary ceases to be, is held in any judicial proceeding or shall be asserted in writing by any Guarantor, or any Person acting on behalf of any Guarantor, not to be, in full force and effect or enforceable in accordance with its terms (other than as provided for in the Indenture or any Note Guarantee);

(f) failure by the Issuer or any Significant Subsidiary or a group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, to pay final judgments, orders or decrees (not subject to appeal) entered by a court or courts of competent jurisdiction aggregating in excess of €60.0 million (exclusive of any amounts covered by insurance policies issued by reputable and creditworthy insurance companies), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days or more during which a stay of enforcement of such judgment, order or decree (by reason of pending appeal, waiver or otherwise) shall not have been in effect;

(g) [*reserved*]; and

(h) the occurrence of certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer, a Guarantor or any Significant Subsidiary or group of Restricted Subsidiaries that taken as a whole would constitute a Significant Subsidiary;

provided, *however*, that a Default under clauses (c), (d) or (f) of this paragraph will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding Notes notify the Issuer of the Default and, with respect to such clauses (c), (d) or (f), the Issuer does not cure such Default within the time specified in such clauses (c), (d) or (f), as applicable, after receipt of such notice.

(2) If an Event of Default (other than as specified in clause (1)(h) above) occurs and is continuing, the Trustee or the holders of not less than 25% in aggregate principal amount of the Notes then outstanding by written notice to the Issuer (and to the Trustee if such notice is given by the holders) may, and the Trustee, upon the written request of such holders, shall, declare the principal of, premium, if any, and any Additional Amounts and accrued interest on all the outstanding Notes immediately due and payable, and upon any such declaration all such amounts payable in respect of the Notes will become immediately due and payable.

(3) If an Event of Default specified in clause (1)(h) above occurs and is continuing, then the principal of, premium, if any, and Additional Amounts and accrued and unpaid interest on all the outstanding Notes shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder of the Notes.

(4) The Indenture will provide that the holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default and its consequences under the Indenture (except a continuing Default in the payment of interest, premium and Additional Amounts, if any, or the principal of any Notes held by a non-consenting holder, which may only be waived with the consent of holders of the Notes holding 90% of the aggregate principal amount of the Notes outstanding under the Indenture) and rescind any acceleration with respect to the Notes and its consequences (except if such rescission would conflict with any judgment of a court of competent jurisdiction). In the event of any Event of Default specified in clause (1)(d) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived or rescinded, automatically and without any action by the Trustee or the holders, if within 20 days after such Event of Default arose: (i) the indebtedness or guarantee that is the basis for such Event of Default has been discharged; (ii) holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or (iii) the Default that is the basis for such Event of Default has been cured.

(5) At any time after a declaration of acceleration under the Indenture, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the holders of a majority in aggregate principal amount of the outstanding Notes, by written notice to the Issuer and the Trustee, may rescind such declaration and its consequences if:

(a) the Issuer has paid or deposited with the Trustee (or another party designated by the Trustee for this purpose) a sum sufficient to pay:

(i) all overdue interest and Additional Amounts on all Notes then outstanding;

(ii) all unpaid principal of and premium, if any, on any outstanding Notes that have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Notes;

(iii) to the extent that payment of such interest is lawful, interest upon overdue interest and overdue principal at the rate borne by the Notes; and

(iv) all sums paid or advanced by the Trustee under the Indenture and the properly Incurred compensation, expenses, disbursements and advances of the Trustee, its agents and counsels;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(c) all Events of Default, other than the non-payment of amounts of principal of, premium, if any, and any Additional Amounts and interest on the Notes that has become due solely by such declaration of acceleration, have been cured or waived.

No such rescission shall affect any subsequent Default or impair any right consequent thereon.

(6) Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power.

(7) In case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of the Notes unless such holders have made written request and offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of any of the Notes has any right to institute any proceedings with respect to the Indenture or any remedy thereunder, unless:

(a) the holders of at least 25% in aggregate principal amount of the outstanding Notes have made written request to, and offered indemnity and/or security satisfactory to, the Trustee to institute such proceeding as trustee under the Notes and the Indenture;

(b) the Trustee has failed to institute such proceeding within 60 days after receipt of such indemnity and/or security satisfactory to the Trustee; and

(c) the Trustee within such 60-day period has not received directions inconsistent with such written request by holders of a majority in aggregate principal amount of the outstanding Notes.

Such limitations do not, however, apply to a suit instituted by a holder of a Note for the enforcement of the payment of the principal of, premium, if any, and Additional Amounts or interest on such Note on or after the respective due dates expressed in such Note.

(8) If a Default or an Event of Default occurs and is continuing of which a Responsible Officer of the Trustee has written notice, the Trustee will deliver to each holder of the Notes notice of the Default or Event of Default within 30 Business Days after receipt of such written notice. Except in the case of a Default or an Event of Default in payment of principal of, premium, if any, Additional Amounts or interest on any Notes, the Trustee may withhold the notice to the holders of such Notes if a committee of its trust officers in good faith determines that withholding the notice is in the interests of the holders of the Notes.

(9) The Issuer is required to furnish to the Trustee annual written statements regarding compliance with the Indenture and as to the occurrence of a Default or Event of Default. The Issuer is also required to notify the Trustee in writing within 30 days of the occurrence of any Default (unless cured) or Event of Default stating what action, if any, it is taking with respect to such Default or Event of Default.

(10) The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another Default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Provision of Information*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

Legal Defeasance or Covenant Defeasance of Indenture

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes issued under the Indenture and all obligations of the Guarantors discharged with respect to their applicable Note Guarantees ("*Legal Defeasance*") except as to:

(a) the rights of holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest on such Notes (including Additional Amounts, if any) when such payments are due from the trust referred to below;

(b) the Issuer's obligations to issue temporary Notes, register, transfer or exchange any Notes, replace mutilated, destroyed, lost or stolen Notes, maintain an office or agency for payments in respect of the Notes and segregate and hold such payments in trust;

(c) the rights, powers, trusts, duties and immunities of the Trustee and the obligations of the Issuer and the Guarantors in connection therewith; and

(d) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

If the Issuer exercises its Legal Defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including, without limitation, its obligation to make Change of Control Offers and Excess Proceeds Offers) set forth in the Indenture ("*Covenant Defeasance*"), and thereafter any omission to comply with such covenants will not constitute a Default or an Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events described under "*—Events of Default*" will no longer constitute an Event of Default with respect to the Notes. These events do not include events relating to non-payment or, solely with respect to the Issuer, bankruptcy, insolvency, receivership and reorganization. The Issuer may exercise its Legal Defeasance option regardless of whether it previously exercised Covenant Defeasance.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuer must irrevocably deposit or cause to be deposited in trust with the Trustee (or such other entity nominated by the Trustee for this purpose), for the benefit of the holders of the Notes, cash in euro, non-callable European Government Obligations or a combination thereof, in each case, in such amounts as will be sufficient, in the opinion of internationally recognized investment bank, appraisal firm or firm of independent public accountants taking into account the effect of any hedging arrangements entered into in connection with such deposit, to pay and discharge the principal of, premium, if any, and interest (including Additional Amounts, if any) on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer must (x) specify whether the Notes are being defeased to such Stated Maturity or to a particular redemption date; and (y) if applicable, have delivered to the Trustee an irrevocable notice to redeem all the outstanding Notes of such principal, premium, if any, or interest;

(b) in the case of Legal Defeasance, the Issuer must have delivered to the Trustee an Opinion of Counsel stating that (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling, or (ii) since the Issue Date, there has been a change in applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Issuer must have delivered to the Trustee an Opinion of Counsel to the effect that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) the Issuer must have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of the Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or others; and

(e) the Issuer must have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder when:

(a) either:

(i) all the Notes that have been authenticated and delivered (other than destroyed, lost or stolen Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust or segregated and held in trust and thereafter repaid to the Issuer or discharged from such trust as provided for in the Indenture) have been delivered to the Paying Agent (and notified to the Trustee) for cancellation; or

(ii) all Notes that have not been delivered to the Paying Agent (and notified to the Trustee) for cancellation (x) have become due and payable (by reason of the mailing of a notice of redemption or otherwise), (y) will become due and payable within one year or (z) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity nominated by the Trustee for this purpose) as trust funds in trust solely for the benefit of the holders of the Notes, cash in euro, non-callable European Government Obligations or a combination thereof, in each case in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Debt on the Notes not delivered to the Paying Agent (and notified to the Trustee) for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption; and

(b) the Issuer or any Guarantor has paid or caused to be paid all other sums payable by the Issuer under the Indenture; and

(c) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided in the Indenture relating to the satisfaction and discharge of the Indenture have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (a), (b) and (c)).

Amendments and Waivers

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes or the Note Guarantees may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes or the Note Guarantees may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

However, without the consent of the holders holding not less than 90% of the then outstanding principal amount of Notes (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), an amendment, supplement or waiver may not, with respect to any Notes held by a non-consenting holder:

(a) extend the Stated Maturity of the principal of, or any installment of or interest or Additional Amounts on, any Note;

(b) reduce the principal amount of any Note (or Additional Amounts or premium, if any) or the rate of or change the time for payment of interest, including default interest, on any Note;

(c) change the coin or currency in which the principal of any Note or any premium or any Additional Amounts or the interest thereon is payable;

(d) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described under "—*Optional Redemption*;"

(e) impair the right of any holder of the Notes to institute suit for the enforcement of any payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date) on or with respect to such holder's Notes;

(f) waive a continuing Default or Event of Default in the payment of principal of, premium, if any, interest, or Additional Amounts, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(g) release any Guarantor from any of its obligations under its Note Guarantee other than in accordance with the terms of the Indenture;

(h) make any change to any provision of the Indenture affecting the ranking of the Notes or Note Guarantees, in each case, in a manner that adversely affects the rights of the holders of the Notes;

(i) [*reserved*];

(j) [*reserved*];

(k) make any change in the provisions of the Indenture described under "—*Additional Amounts*" that adversely affects the rights of any holder of the Notes in any material respect or amend the terms of the Notes or the Indenture in a way that would result in the loss of an exemption from any of the Taxes described thereunder;

(l) waive a redemption payment with respect to any Note (other than a payment required by the covenants described above under the captions "*Purchase of Notes upon a Change of Control*" and "—*Certain Covenants—Limitation on Sale of Certain Assets*");

(m) modify any of the provisions relating to the waiver of past Defaults or relating to the waiver of certain covenants, except to increase the percentage of outstanding Notes required for such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Note affected thereby; or

(n) make any change in the preceding provisions.

Notwithstanding the foregoing, without the consent of any holder of the Notes, the Issuer, the Guarantors (if any) and the Trustee may modify, amend or supplement the Indenture, the Notes or the Note Guarantees:

(a) to cure any ambiguity, omission, error, defect or inconsistency;

(b) [*reserved*];

(c) to add Restricted Subsidiaries to the relevant agreement or provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with the Indenture;

(d) [*reserved*];

(e) to provide for the assumption of the Issuer's or any other Guarantor's obligations under the Notes and Note Guarantees by a successor Person;

(f) to make any change that would provide any additional rights or benefits to the holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(g) to conform the text of the Indenture, the Note Guarantees or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees or the Notes;

(h) to release any Note Guarantee in accordance with the terms of the Indenture;

(i) to add Note Guarantees with respect to the Notes and to allow any Guarantor to execute a supplemental indenture with respect to the Notes or a Note Guarantee;

(j) [*reserved*];

(k) to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(l) to evidence and provide for the acceptance of the appointment of a successor trustee under the terms of the Indenture or to otherwise comply with any requirement of the Indenture;

(m) [*reserved*]; or

(n) to provide for the issuance of Additional Notes in accordance with, and if permitted by, the terms and limitations set forth in the Indenture.

In formulating its opinion on such matters, the Trustee shall be entitled to request and rely absolutely on such evidence as it deems appropriate, including an Opinion of Counsel and an Officer's Certificate on which the Trustee may solely rely.

The consent of the holders of the Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Acts by Holders

In determining whether the holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Concerning the Trustee

The Trustee will be permitted to engage in other transactions with the Issuer and the Guarantors.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that, in case an Event of Default of which a Responsible Officer of the Trustee has written notice, the Trustee will be required, in the exercise of its rights and powers vested in it by the Indenture, to use the degree of care of a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of the Notes, unless such holder has offered to the Trustee indemnity and/or security satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors, if any, will jointly and severally indemnify the Trustee for certain claims, liabilities and expenses incurred without gross negligence or willful misconduct on its part, arising out of or in connection with its duties.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF market of that exchange. The Issuer has initially designated Banque

Internationale à Luxembourg S.A. as its listing agent (the "*Listing Agent*"). The address of the Listing Agent is 69, route d'Esch, L-2953 Luxembourg, Grand Duchy of Luxembourg.

Listing and General Information

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of that exchange and the rules and regulations of the Luxembourg Stock Exchange shall so require, copies, current and future, of all of our annual audited consolidated financial statements, unaudited consolidated interim semi-annual financial statements and quarterly financial information and the Offering Memorandum may be obtained, free of charge, during normal business hours at the registered office of the Issuer.

Anyone who receives the Offering Memorandummay, following the Issue Date, obtain a copy of the Indenture and the Notes without charge by writing to the Issuer at 1, cours Antoine Guichard, 42008 Saint-Étienne, France.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator, member or shareholder of the Issuer or any Guarantor will have any liability for any obligations of the Issuer or any Guarantor under the Notes or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each holder, by accepting a Note, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the U.S. Federal securities laws.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or premiums, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or the Guarantors for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Governing Law

The Indenture, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York and will provide for the submission of the parties to the jurisdiction of the courts in the State of New York.

Consent to Jurisdiction and Service

The Indenture will provide that the Issuer will appoint Law Debenture Corporate Services Inc. at 801 2nd Avenue, Suite 403, New York, NY 10017, USA, as its agent for service of process in any suit, action or proceeding with respect to the Indenture or the Notes, as the case may be, and for actions brought under U.S. Federal or state securities laws brought in any Federal or state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since most of the assets of the Issuer are outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, redemption price and any purchase price with respect to the Notes, may not be collectible within the United States.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means Debt of a Person:

(a) existing at the time such Person becomes a Restricted Subsidiary or is merged into or consolidated with the Issuer or a Restricted Subsidiary whether or not such Debt is Incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; or

(b) assumed in connection with the acquisition of assets from any such Person.

Acquired Debt will be deemed to be Incurred on the date the acquired Person becomes a Restricted Subsidiary or is merged into or consolidated with the Issuer or a Restricted Subsidiary or the date of the related acquisition of assets from any Person.

"*Affiliate*" means, with respect to any specified Person any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Applicable Redemption Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of such Note; or

(2) the excess of:

(a) the present value at such redemption date of (x) the redemption price of such Note at January 15, 2023 (such redemption price being set forth in the table appearing under the caption "—*Optional Redemption—Optional Redemption of Notes*"), *plus* (y) all required interest payments due on such Note through January 15, 2023 (excluding accrued but unpaid interest), computed using a discount rate equal to the Bund Rate as of such redemption date *plus* 50 basis points; over

(b) the outstanding principal amount of such Note;

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Redemption Premium shall not be an obligation or duty of the Trustee, Registrar, Transfer Agent or any Paying Agent.

"*Asset Sale*" means any sale, issuance, conveyance, transfer, lease (other than an operating lease entered into in the ordinary course of business) or other disposition (including, without limitation, by way of merger, consolidation or sale and leaseback transaction) (collectively, a "*transfer*"), directly or indirectly, in one or a series of related transactions, of:

(a) any Capital Stock of any Restricted Subsidiary (other than directors' qualifying shares or shares (or other Capital Stock) required by applicable law to be held by a Person other than the Issuer or a Restricted Subsidiary) or the economic rights of the Issuer or a Restricted Subsidiary in the Capital Stock of any Restricted Subsidiary;

(b) all or substantially all the properties and assets of any division or line of business of the Issuer or any Restricted Subsidiary; or

(c) any other of the Issuer's or any Restricted Subsidiary's properties or assets.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(i) any lease, transfer, conveyance or other disposition of assets that is governed by the provisions of the Indenture described under "—*Certain Covenants—Consolidation, Merger and Sale of Assets*" or "—*Purchase of Notes upon a Change of Control*;"

(ii) any transfer or disposition of assets or Capital Stock by the Issuer to any Restricted Subsidiary, or by any Restricted Subsidiary to the Issuer or any other Restricted Subsidiary, in each case in accordance with the terms of the Indenture;

(iii) any issuance of Capital Stock by a Restricted Subsidiary to the Issuer or another Restricted Subsidiary;

(iv) any transfer or disposition of (x) obsolete, worn-out or surplus equipment or facilities of the Issuer or any Restricted Subsidiary or (y) other assets or rights of the Issuer or any Restricted Subsidiary that, in the case of this sub-clause (y), are no longer used or useful in the ordinary course of the Issuer's or any Restricted Subsidiary's business;

(v) any transfer or disposition of assets, properties, Capital Stock or economic rights in Capital Stock in a single transaction or series of related transactions having a Fair Market Value of less than the greater of €50.0 million and 5% of LTM EBITDA;

(vi) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(vii) a disposition that is made in connection with the establishment of a joint venture which is a Permitted Investment or sales, transfers and other dispositions of Investments in joint ventures to the extent required by or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture agreements and similar binding agreements;

(viii) the sale, lease, assignment, sublease, license, sublicense or other disposition of equipment, inventory, property, stock-in-trade, goods, accounts receivable or other assets (including any real or personal property) in the ordinary course of business;

(ix) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" (or a transaction that would constitute a Restricted Payment but for the exclusions from the definition thereof) and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (2) of the covenant described above under "*—Certain Covenants—Limitation on Sale of Certain Assets—Asset Sales*," asset sales, the proceeds of which are used to make a Permitted Payment pursuant to clause (3)(n) of the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*";

(x) foreclosure, condemnation, taking by eminent domain or similar action with respect to property or other assets;

(xi) sales of assets received by the Issuer or any Restricted Subsidiary upon the foreclosure on a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(xii) the sale or other disposition of cash or Cash Equivalent Investments;

(xiii) the grant of licenses to intellectual property rights to third parties on an arms' length basis in the ordinary course of business;

(xiv) the disposition of assets to a Person that is providing services (the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person) related to such assets; *provided* that the Fair Market Value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (xiv), does not exceed €50.0 million;

(xv) the granting of Liens not otherwise prohibited by the Indenture;

(xvi) the surrender, or waiver of contract rights or settlement, release or surrender of contract, tort or other claims;

(xvii) the unwinding of any Hedging Obligations;

(xviii) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(xix) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable; and

(xx) the disposition of Securitization Assets and related assets in connection with any Qualified Securitization Financing or any Permitted Recourse Receivables Financing, and any factoring transaction in the ordinary course of business.

"*Associate*" means (i) any Person engaged in a Permitted Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors, supervisory board or management board, as applicable, of the Issuer or such corporation, as applicable, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a board of directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors on any such board of directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors, supervisory board or management board, as applicable, of the Issuer or such corporation, as applicable, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a board of directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors on any such board of directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Bund Rate*" means, as of any redemption date, the rate *per annum* equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(a) "*Comparable German Bund Issue*" means with respect to the Notes, the German *Bundesanleihe* security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to January 15, 2023, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to January 15, 2023, *provided, however*, that, if the period from such redemption date to January 15, 2023, is less than one year, a fixed maturity of one year shall be used;

(b) "*Comparable German Bund Price*" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Issuer obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(c) "*Reference German Bund Dealer*" means any dealer of German *Bundesanleihe* securities appointed by the Issuer in good faith; and

(d) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Issuer of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference German Bund Dealer at 3:30 p.m. Frankfurt am Main, Germany time on the third Business Day that is also a business day in Germany preceding the relevant date.

"*Business Day*" means a day of the year other than a Saturday or Sunday or other day on which banks are not required or authorized by law to close in Paris, New York City or London.

"*Capital Stock*" means, with respect to any Person, any and all shares, interests, partnership interests (whether general or limited), participations, rights in or other equivalents (however designated) of such Person's equity, any other interest or participation that confers the right to receive a share of the profits and losses, or distributions of assets of, such Person and any rights (including any Preferred Stock, but excluding debt securities convertible into or exchangeable for Capital Stock), warrants or options exchangeable for or convertible into or to acquire such Capital Stock, whether now outstanding or issued after the Issue Date.

"*Capitalized Lease Obligation*" means, with respect to any Person, any obligation of such Person under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed), which obligation is required to be classified and accounted for as a finance lease obligation under IFRS, and, for purposes of the Indenture, the amount of such obligation at any date will be the capitalized amount thereof at such date, determined in accordance with IFRS and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalent Investments*" means, at any time, any of the following:

(a) certificates of deposit maturing within six months after the relevant date of calculation and issued by a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of "BBB" or higher by S&P or "Baa2" or higher by Moody's or a comparable rating from an internationally recognized credit rating agency;

(b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Economic Area or any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union, or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within six months after the relevant date of calculation and not convertible or exchangeable to any other security;

(c) commercial paper not convertible or exchangeable to any other security:

(i) for which a recognized trading market exists;

(ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area or any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union;

(iii) which matures within six months after the relevant date of calculation; and

(iv) which has a credit rating of either "A-1" or higher by S&P or "P-1" or higher by Moody's, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating; or

(d) any investment in money market funds which:

(i) have a credit rating of either "A-1" or higher by S&P or "P-1" or higher by Moody's; and

(ii) invest substantially all their assets in securities of the types described in clauses (a) to (c) above,

to the extent that investment can be turned into cash on not more than 30 days' notice,

in each case to which the Issuer or any Restricted Subsidiary is alone beneficially entitled at that time and which is not issued or guaranteed by the Issuer or any Restricted Subsidiary or subject to any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"*CBD*" means Companhia Brasileira de Distribuição, the parent company of Grupo Pão de Açúcar.

"*CBD Consolidated Adjusted Net Income*" means, with respect to CBD for any period, the aggregate of the net income (or loss) of CBD and its Subsidiaries for such period, on a consolidated basis, attributable to owners of CBD, as determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(a) the net income of any Person that is not a Subsidiary of CBD will be included only to the extent of the amount of dividends or similar distributions paid in cash to CBD or a Subsidiary of CBD;

(b) any net gain (or loss) realized (i) upon the sale or other disposition of any asset or disposed operations of CBD or any of its Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or a member of senior management of CBD) or (ii) in connection with the sale or disposition of securities, will be excluded;

(c) (i) any extraordinary, exceptional or unusual gain, loss or charge, (ii) any asset impairments charges or the financial impacts of natural disasters (including fire, flood and storm and related events), or (iii) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance, in each case, will be excluded;

(d) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity-based awards will be excluded;

(e) all deferred financing costs written off and premium paid or other expenses incurred directly in connection with any early extinguishment of Debt and any net gain (loss) from any write-off or forgiveness of Debt will be excluded;

(f) any one-time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving such Person or its Subsidiaries will be excluded;

(g) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(h) any unrealized foreign currency transaction gains or losses in respect of Debt of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies will be excluded;

(i) to the extent covered by insurance and actually reimbursed, or, so long as such Person has made a determination that there exists a reasonable basis that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is in fact reimbursed within 365 days of the date of such determination (with a deduction in the applicable future period for any amount so excluded to the extent not so reimbursed within such 365-day period), expenses, charges or losses with respect to liability or casualty events or business interruption will be excluded;

(j) the cumulative effect of a material change in accounting principles will be excluded; and

(k) any unrealized foreign currency translation or transaction gains or losses in respect of Debt or other obligations of CBD or any of its Subsidiaries owing to CBD or any Subsidiary will be excluded.

"*CBD Ordinary Dividend Builder*" means the *pro rata* share of the Issuer and its Restricted Subsidiaries of 50% of aggregate CBD Consolidated Adjusted Net Income of CBD on an accumulative basis during the period beginning on October 1, 2019, and ending on the last day of CBD's most recently ended fiscal quarter for which consolidated financial statements of CBD are publicly available prior to the date of a proposed Restricted Payment in accordance with paragraph (2) of the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" (or, if such aggregate cumulative CBD Consolidated Adjusted Net Income shall be a negative number, minus 100% of such negative amount); *provided* that the aggregate amount of any prior dividends or similar distributions paid to the Issuer or any of its Restricted Subsidiaries by all members of the Latam Group will be deducted from such amount.

"*Cdiscount*" means Cdiscount S.A.

"*Clearstream*" means Clearstream Bank S.A. or any successor thereof.

"*CNova*" means CNova N.V.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Commodity Hedging Agreements*" means, in respect of a Person, any spot, forward, swap, option or other similar agreements or arrangements designed to protect such Person against or manage exposure to fluctuations in commodity prices.

"*Commission*" means the U.S. Securities and Exchange Commission.

"*Consolidated Adjusted Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, attributable to owners of the Issuer, as determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(a) the net income of any Person that is not a Restricted Subsidiary of such Person will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person, except that the aggregate amount of any dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person by all members of the Latam Group will not be included to the extent such aggregate amount exceeds the amount of the CBD Ordinary Dividend Builder;

(b) solely for the purpose of determining the amount available for Restricted Payments under clause (2)(c)(i) of the "*—Limitation on Restricted Payments*" covenant, any net income (loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (i) restrictions that have been waived or otherwise released, (ii) restrictions pursuant to the Notes and the Indenture, (iii) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the holders of the Notes than such restrictions in effect on the Issue Date and (iv) any other restriction listed under the "*—Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries*" covenant), except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Adjusted Net Income up to the aggregate amount of cash or Cash Equivalent Investments actually distributed or that could have been distributed (including by way of a loan) by such Restricted Subsidiary during such period to the Issuer or any Restricted Subsidiary as a loan, dividend or other distribution (subject, in the case of a loan, dividend or distribution to another Restricted Subsidiary, to the limitation contained in this clause (b));

(c) any net gain (or loss) realized (x) upon the sale or other disposition of any asset or disposed operations of the Issuer or any of its Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Board of Directors or a member of senior management of the Issuer) or (y) in connection with the sale or disposition of securities, will be excluded;

(d) (i) any extraordinary, exceptional or unusual gain, loss or charge, (ii) any asset impairments charges or the financial impacts of natural disasters (including fire, flood and storm and related events), (iii) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance or (iv) any expenses, charges, reserves or other costs related to the Transactions, in each case, will be excluded;

(e) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity-based awards will be excluded;

(f) all deferred financing costs written off and premium paid or other expenses incurred directly in connection with any early extinguishment of Debt and any net gain (loss) from any write-off or forgiveness of Debt will be excluded;

(g) any one-time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving such Person or its Subsidiaries will be excluded;

(h) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(i) any unrealized foreign currency transaction gains or losses in respect of Debt of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies will be excluded;

(j) to the extent covered by insurance and actually reimbursed, or, so long as such Person has made a determination that there exists a reasonable basis that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is in fact reimbursed within 365 days of the date of such determination (with a deduction in the applicable future period for any amount so excluded to the extent not so reimbursed within such 365-day period), expenses, charges or losses with respect to liability or casualty events or business interruption will be excluded;

(k) the cumulative effect of a material change in accounting principles will be excluded; and

(l) any unrealized foreign currency translation or transaction gains or losses in respect of Debt or other obligations of the Issuer or any of its Restricted Subsidiaries owing to the Issuer or any Restricted Subsidiary will be excluded.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period without duplication, the sum of Consolidated Adjusted Net Income of such Person calculated on a continuing operations basis, *plus* in each case to the extent deducted in computing Consolidated Adjusted Net Income for such period calculated on a continuing operations basis:

(a) the share of the net income (loss) attributable to non-controlling interests; *plus*

(b) tax expenses based on income, profits or capital and pursuant to the *Cotisation sur la valeur ajoutée des enterprises* of such Person and any of its Restricted Subsidiaries for such period (whether or not paid, estimated, accrued or required to be remitted to any governmental authority); *plus*

(c) the Fixed Charges of such Person and any of its Restricted Subsidiaries for such period; *plus*

(d) any expenses, charges or other costs related to any equity offering, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made at the time of such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), joint venture, disposition, recapitalization or Debt permitted to be incurred by the Indenture, or the refinancing of any other Debt of such Person or any of its Restricted Subsidiaries (whether or not successful) (including such fees, expenses or charges related to the Transactions); *plus*

(e) depreciation, amortization (including amortization of intangibles and deferred financing fees), and other non-cash expenses (including write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on such Person and any of its Restricted Subsidiaries for such period), but excluding any non-cash items for which a future cash payment will be required and for which an accrual or reserve is required by IFRS to be made or amortization of a prepaid cash charge or expense that was paid in a prior period for such period; *plus*

(f) the amount of any restructuring charges, accruals or reserves and integration costs, including any one-time costs incurred in connection with acquisitions after the Issue Date; *plus*

(g) gain (or loss) on sale of receivables, Securitization Assets and related assets in connection with a Qualified Securitization Financing or a Permitted Recourse Receivables Financing; *plus*

(h) costs or expenses incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan, agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Issuer or net cash proceeds of an issuance of Qualified Capital Stock of the Issuer solely to the extent that such net cash proceeds are excluded from the calculation set forth in clause (2)(c) under "*—Certain Covenants—Limitation on Restricted Payments*;" *plus*

(i) any charge (or minus any income) attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme; *minus*

(j) (other than any non-cash items increasing such Consolidated Adjusted Net Income pursuant to clauses (a) to (l) of the definition thereof) non-cash items increasing such Consolidated Adjusted Net Income for such period other than the reversal of a reserve for cash charges in a future period in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with IFRS; *minus*

(k) any positive (or *plus* any negative) impact of discontinued operations related to clauses (a) to (j) of this definition of Consolidated EBITDA.

When Consolidated EBITDA is being calculated for the purpose of any grower basket set forth in this Description of Notes, it shall be calculated on a *pro forma* basis consistent with the calculation of Consolidated EBITDA for purposes of the Consolidated Fixed Charge Coverage Ratio.

"*Consolidated Fixed Charge Coverage Ratio*" means, with respect to a specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any Restricted Subsidiary which is a Subsidiary of such specified Person incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Debt (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Consolidated Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Fixed Charge Coverage Ratio is made (for the purpose of this definition, the "Calculation Date") (but not giving effect to any additional Debt to be incurred on the Calculation Date as part of the same transaction or series of transactions pursuant to paragraph (2) under the caption "*—Certain Covenants—Limitation on Debt*"), then the Consolidated Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by an Officer or a responsible financial or accounting officer of the Issuer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Debt, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of calculating the Consolidated Fixed Charge Coverage Ratio:

(a) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of business that have been made by such Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by such specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible financial or accounting officer of the Issuer and may include anticipated expense and cost reduction and cost saving synergies) as if they had occurred on the first day of the four-quarter reference period;

(b) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(c) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of such specified Person or any Restricted Subsidiary which is a Subsidiary of such specified Person following the Calculation Date;

(d) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(e) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(f) if any Debt bears a floating rate of interest and such Debt is to be given *pro forma* effect, the interest expense on such Debt will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Debt if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Debt).

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Adjusted Net Income and Fixed Charges, calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer.

"*Consolidated Leverage*" means, with respect to the Issuer, as of any date of determination, the aggregate amount of Debt of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations entered into in the ordinary course of business and not for speculative purposes (as determined in good faith by the Board of Directors or a member of senior management of the Issuer)) on a consolidated basis *minus* (y) the aggregate amount of proceeds credited to the Segregated Accounts as of such date of determination, which shall include, for the avoidance of doubt, the cash proceeds of any Debt in respect of, or in connection with which, the calculation of the Consolidated Leverage is to be made if such cash proceeds are to be credited at the time of Incurrence to the Segregated Accounts.

"*Consolidated Leverage Ratio*" means, with respect to the Issuer, as of any date of determination, the ratio of (a) the Consolidated Leverage of the Issuer on such date to (b) the LTM EBITDA of the Issuer. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Debt (other than ordinary working capital borrowings) or issues, repurchases or redeems Redeemable Capital Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (for the purpose of this definition, the "*Calculation Date*"), then the Consolidated Leverage Ratio will be calculated giving *pro forma* effect to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Debt, or such issuance, repurchase or redemption of Redeemable Capital Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period. For purposes of calculating the Consolidated EBITDA for such period:

(a) acquisitions of any Person, business or group of assets that constitutes an operating unit or division of a business that have been made by such Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers, consolidations, amalgamations or otherwise, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by such specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries (including Persons who become Restricted Subsidiaries as a result of such increase), during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio) will be given *pro forma* effect (as determined in good faith by a responsible financial or accounting officer of the Issuer and may include anticipated expense and cost reduction and cost saving synergies) as if they had occurred on the first day of the four-quarter reference period;

(b) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the Calculation Date (including transactions giving rise to the need to calculate such Consolidated Leverage Ratio), will be excluded;

(c) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(d) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to an Asset Sale, Investment or acquisition, the amount of income or earnings relating thereto or the amount of Consolidated EBITDA associated therewith, the *pro forma* calculation shall be determined in good faith by a responsible financial or accounting Officer of the Issuer. In determining the amount of Debt outstanding on any date of determination, *pro forma* effect will be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge or Debt on such date.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facility*" or "*Credit Facilities*" means one or more debt facilities (including, without limitation, under the Revolving Credit Facility, the Term Loan B Facility, the Incremental Term Loan B, the Other Existing Syndicated Credit Facilities, the Segisor Credit Facility and the Existing EMTN Bonds), indentures, trust deeds, debentures, fiscal agency agreements, note purchase agreements, instruments or arrangements or commercial paper facilities, in each case with banks or other financial institutions or investors providing for revolving credit loans, term loans, receivables financings (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), bonds, notes, debentures, letters of credit or other forms of guarantees and assurances, or other corporate debt instruments, including overdrafts, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise), restructured, repaid or refinanced (whether by means of sales of debt securities to institutional investors and whether in whole or in part and whether or not with the original administrative agent or lenders or another administrative agent or agents or other bank or institutions and whether provided under one or more other credit or other agreements) and, for the avoidance of doubt, includes any agreement increasing the amount loaned, issued or available to be loaned or issued thereunder, altering the maturity thereof, adding Subsidiaries of the Issuer as additional borrowers, issuers or guarantors thereunder, or otherwise restructuring or altering the terms and conditions of all or any portion of the indebtedness thereunder.

"*Currency Agreements*" means, in respect of a Person, any spot or forward foreign exchange agreements and currency swap, currency option or other similar financial agreements or arrangements designed to protect such Person against or manage exposure to fluctuations in currency exchange rates.

"*Debt*" means, with respect to any Person, without duplication:

(a) the principal of any indebtedness of such Person in respect of borrowed money (including overdrafts) or for the deferred and unpaid purchase price of property or services due more than one year after such property is acquired or such services are completed, excluding any trade payables and other accrued current liabilities incurred in the ordinary course of business and tax and payroll related liabilities;

(b) the principal of any indebtedness of such Person evidenced by bonds, notes, debentures or other similar instruments;

(c) all obligations, contingent or otherwise, of such Person representing reimbursement obligations in respect of any letters of credit, bankers' acceptances or other similar instruments (except to the extent such obligation relates to trade payables in the ordinary course of business); *provided* that any counter-indemnity or reimbursement obligation under a letter of credit shall be considered Debt only to the extent that the underlying obligation in respect of which the letter of credit has been issued would also be Debt;

(d) any indebtedness representing Capitalized Lease Obligations of such Person;

(e) all net obligations of such Person in respect of Hedging Obligations (the amount of any such obligation to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time);

(f) all Debt referred to in (but not excluded from) the preceding clauses (a) through (e) of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien upon or with respect to property (including, without limitation, accounts and contract rights) owned by such specified Person, even though such specified Person has not assumed or become liable for the payment of such Debt (the amount of such obligation being deemed to be the lesser of the fair market value of such property or asset at such date of determination (as determined in good faith by the Issuer) and the amount of the obligation so secured);

(g) all guarantees by such specified Person of Debt referred to in this definition of any other Person (other than by endorsement of negotiable instruments for collection in the ordinary course of business);

(h) all Redeemable Capital Stock of such Person valued at the greater of its voluntary maximum fixed repurchase price and involuntary maximum fixed repurchase price plus accrued and unpaid dividends;

(i) Preferred Stock of any Restricted Subsidiary (but excluding any accrued dividends); and

(j) Qualified Securitization Financing and Permitted Recourse Receivables Financing,

if and to the extent any of the preceding items (other than obligations under clauses (c) and (e) through (i)) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS; *provided* that the term "Debt" shall not include (i) non-interest bearing installment obligations and accrued liabilities incurred in the ordinary course of business that are not more than 90 days past due, (ii) Debt in respect of standby letters of credit, performance bonds or surety bonds provided by the Issuer or any Restricted Subsidiary in the ordinary course of business to the extent such letters of credit or bonds are not drawn upon or, if and to the extent drawn upon, are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than 30 days following receipt by such Person of a demand for reimbursement following payment on the letter of credit or bond, (iii) any pension obligations of the Issuer or a Restricted Subsidiary, early retirement or termination obligations or similar claims, obligations or contributions or social security or wage Taxes or any obligations in respect of worker's compensation claims, (iv) any lease concession or license of property (or guarantee thereof) which would be considered an operating lease under IFRS as in effect on January 1, 2018, (v) Debt Incurred by the Issuer or a Restricted Subsidiary in connection with a transaction where (x) such Debt is borrowed from a bank or trust company, having a combined capital and surplus and undivided profits of not less than €250.0 million, whose long-term debt has a rating immediately prior to the time such transaction is entered into, of at least "BBB" or the equivalent thereof by S&P or "Baa2" or the equivalent thereof by Moody's and (y) a substantially concurrent Investment is made by the Issuer or a Restricted Subsidiary in the form of cash deposited with the lender of such Debt, or a Subsidiary or Affiliate thereof, in amount equal to such Debt, (vi) contingent obligations incurred in the ordinary course of business, (vii) Deeply Subordinated Perpetual Notes and (viii) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter.

For the avoidance of doubt, equity swaps and derivatives instruments, as well as put options granted in the ordinary course of business in connection with acquisitions and joint ventures shall not be considered as Debt.

For purposes hereof, the amount of any Redeemable Capital Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which the principal amount of Debt will be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Redeemable Capital Stock, such Fair Market Value will be determined in good faith by the board of directors or a member of senior management of the Issuer of such Redeemable Capital Stock; *provided* that if such Redeemable Capital Stock is not then permitted to be redeemed, repaid or repurchased, the redemption, repayment or repurchase price shall be the book value of such Redeemable Capital Stock as reflected in the most recent financial statements of such Person.

For purposes hereof, the amount of Debt of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding.

"*Deeply Subordinated Perpetual Notes*" means the Existing Deeply Subordinated Perpetual Notes and any other similar perpetual notes to be issued by the Issuer after the Issue Date.

"*Default*" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-cash Consideration*" means the Fair Market Value of non-cash consideration received by the Issuer or any Restricted Subsidiary in connection with an Asset Sale that is so designated as "*Designated Non-cash Consideration*" pursuant to an Officer's Certificate, less the amount of cash or Cash Equivalent Investments received in connection with a subsequent sale of such Designated Non-cash Consideration.

"*Equity Offering*" means a public or private sale of Qualified Capital Stock of the Issuer (other than a public offering on Form S-8 under the Securities Act (or any successor form) or any similar offering in other jurisdictions or to the Issuer or any of its Subsidiaries), the proceeds of which are contributed to the equity of the Issuer; *provided* that the proceeds of such offering are not (i) utilized to make Restricted Payments pursuant to clauses (3)(b) or (3)(i) of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*" or (ii) contributed to the equity of the Issuer through the issuance of Redeemable Capital Stock.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Debt paid into escrow accounts with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euroclear*" means Euroclear Bank SA/NV or any successor thereof.

"*European Government Obligations*" means direct obligations of, or obligations guaranteed by, a member state of the European Union (other than Greece), and the payment for which such member state of the European Union pledges its full faith and credit.

"*European Union*" means all members of the European Union as of January 1, 2004 (including, for the avoidance of doubt, the United Kingdom).

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"*Existing Deeply Subordinated Perpetual Notes*" has the meaning ascribed to it in the Offering Memorandum.

"*Existing EMTN Bonds*" has the meaning ascribed to it in the Offering Memorandum.

"*Fair Market Value*" means, with respect to any asset or property, the sale value that would be obtained in an arm's length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors or a member of senior management of the Issuer.

"*Fixed Charges*" means, with respect to any specified Person for any period, without duplication and in each case determined on a consolidated basis in accordance with IFRS, the sum of:

(a) the total consolidated interest expense of such Person and its Subsidiaries that are Restricted Subsidiaries for such period, including, without limitation:

(i) amortization of debt discount, but excluding amortization of debt issuance costs, commissions, fees and expenses and the expensing of any bridge, non-utilization or other financing fees;

(ii) the net payments, if any, of Hedging Obligations (excluding amortization of fees and discounts and unrealized gains and losses);

(iii) the interest portion of any deferred payment obligation (classified as Debt under the Indenture); and

(iv) commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(b) the interest component of Capitalized Lease Obligations accrued or scheduled to be paid or accrued during such periods, other than the interest component of Capitalized Lease Obligations between or among such Person and any of its Subsidiaries which are Restricted Subsidiaries or between or among its Subsidiaries which are Restricted Subsidiaries; *plus*

(c) non-cash interest expenses of such Person and its Subsidiaries that are Restricted Subsidiaries (but excluding any non-cash interest expense attributable to the movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments) and interest that was capitalized during such period; *plus*

(d) the interest expense on Debt of another Person to the extent such Debt is guaranteed by the Issuer or any Restricted Subsidiary or secured by a Lien on the Issuer's or any Restricted Subsidiary's assets; *plus*

(e) net payments and receipts, if any, pursuant to Interest Rate Agreements (excluding amortization of fees) with respect to Debt; *plus*

(f) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Capital Stock payable to the Issuer or a Restricted Subsidiary, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a member of senior management of the Issuer; *minus*

(g) the interest income of such Person and its Subsidiaries which are Restricted Subsidiaries during such period.

Notwithstanding any of the foregoing, Fixed Charges shall not include (i) any interest accrued, capitalized or paid in respect of Deeply Subordinated Perpetual Notes and (ii) any payments on any operating leases.

"*French Listed Company Requirements*" means the applicable rules and regulations of the French *Autorité des Marchés Financiers* (or any successor regulator thereto) and Euronext Paris (including, without limitation, applicable provisions in respect of deadlines for making publicly available certain information).

"*guarantees*" means, as applied to any obligation,

(a) a guarantee (other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business), direct or indirect, in any manner, of any part or all of such obligation; and

(b) an agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of non-performance) of all or any part of such obligation, including, without limiting the foregoing, by the pledge of assets and the payment of amounts drawn down under letters of credit.

"*Guarantor*" means any Restricted Subsidiary that guarantees the Notes.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person from time to time under Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements.

"*IFRS*" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union and in effect on the date hereof, or, with respect to the covenant described under the heading "*—Certain Covenants—Provision of Information*," as in effect from time to time. Notwithstanding the foregoing, the impact of IFRS 16 Leases and any successor standard thereto shall be excluded with respect to all ratios, financial definitions, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture.

"*Incremental Term Loan B*" shall have the meaning ascribed to it in the Offering Memorandum.

"*Independent Financial Advisor*" means an accounting, appraisal, investment banking firm or consultant of nationally recognized standing that is, in the good faith judgment of the Board of Directors of the Issuer, qualified to perform the task for which it has been engaged.

"*Interest Rate Agreements*" means, in respect of a Person, any interest rate protection agreements and other types of interest rate hedging agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) designed to protect such Person against or manage exposure to fluctuations in interest rates.

"*Investment*" means, with respect to any Person, any direct or indirect advance, loan or other extension of credit (including guarantees but excluding bank deposits, accounts receivable, trade credit, advances to customers, commission, travel and similar advances to officers and employees, in each case, made in the ordinary course of business) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Debt issued or owned by, any other Person and all other items, in each case, that are required by IFRS to be classified on the balance sheet (excluding the footnotes) of the relevant Person in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time equal to the Fair Market Value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided for in clause (4) of the covenant described above under "—*Certain Covenants—Limitation on Restricted Payments*". In addition, the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary) of the Fair Market Value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary will be deemed to be an "Investment" that the Issuer made in such Unrestricted Subsidiary at such time. The portion (proportionate to the Issuer's equity interest in such Restricted Subsidiary) of the Fair Market Value of the net assets of any Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is designated a Restricted Subsidiary will be considered a reduction in outstanding Investments. "Investments" excludes extensions of trade credit on commercially reasonable terms in accordance with normal trade practices.

"*Investment Grade Rating*" shall occur when the Notes are rated Baa3 or better, in the case of Moody's, and BBB- or better, in the case of S&P, as applicable (or the equivalent investment grade credit rating from any other credit rating agency registered by the European Securities and Markets Authority pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies, as amended, selected by the Issuer as a replacement agency.

"*Issue Date*" means December 22, 2020.

"*Latam Group*" means CBD and its direct and indirect Subsidiaries; for the avoidance of doubt, the Latam Group will not include Segisor or Tevir or any of their respective direct and indirect Subsidiaries.

"*Lien*" means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege, security interest, call option, hypothecation, assignment for security, standard security, assignation in security claim, or preference or priority or other encumbrance upon or with respect to any property of any kind, real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own subject to a Lien any property which such Person has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"*Limited Condition Acquisition*" means any acquisition, including by way of merger, amalgamation or consolidation, by the Issuer or one or more of its Restricted Subsidiaries the consummation of which is not conditioned upon the availability of, or on obtaining, third-party financing; *provided* that Consolidated EBITDA, other than for purposes of calculating any ratios or baskets in connection with the Limited Condition Acquisition and the related transactions, shall not include any Consolidated EBITDA of or attributable to the target company or assets involved in any such Limited Condition Acquisition unless and until the closing of such Limited Condition Acquisition shall have actually occurred.

"*LTM EBITDA*" means the aggregate amount of Consolidated EBITDA measured for the period of the most recent four consecutive fiscal quarters ending prior to the date of determination for which internal consolidated financial statements of the Issuer are available.

"*Management Advances*" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees, consultants or independent contractors of the Issuer or any Restricted Subsidiary:

(a) (i) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business and consistent with past practice or (ii) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(b) not exceeding €30.0 million in the aggregate outstanding at any time *less* any amounts outstanding under clause (3)(g) of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*".

"*Moody's*" means Moody's Investors Service and its successors.

"*Net Cash Proceeds*" means, with respect to any Asset Sale, as applicable, the proceeds thereof in the form of cash or Cash Equivalent Investments including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed for, cash or Cash Equivalent Investments (except to the extent that such obligations are financed or sold with recourse to the Issuer or any Restricted Subsidiary), net of:

(a) brokerage commissions and other fees and expenses (including, without limitation, fees and expenses of legal counsel, accountants, investment banks and other consultants) related to such Asset Sale;

(b) provisions for all taxes paid or payable, or required to be accrued as a liability under IFRS as a result of such Asset Sale;

(c) all distributions and other payments required to be made to any Person (other than the Issuer or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale; and

(d) appropriate amounts required to be provided by the Issuer or any Restricted Subsidiary, as the case may be, as a reserve in accordance with IFRS against any liabilities associated with such Asset Sale, and retained by the Issuer or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale.

"*Note Guarantees*" means the guarantees of the Notes by the Guarantors.

"*Offering*" means the offering by the Issuer of €400.0 million aggregate principal amount of Notes.

"*Offering Memorandum*" means the offering memorandum relating the Notes dated December 16, 2020.

"*Officer*" means, with respect to any Person, the Chief Executive Officer, a General Director, any Deputy General Director, the Chief Financial Officer, any Deputy Chief Financial Officer, any member of the Executive Committee, the Treasurer, the Secretary, Director or member of the Board of Directors of such Person or any other person that the Board of Directors of such Person shall designate for such purpose.

"*Officer's Certificate*" means a certificate signed on behalf of the Issuer by an Officer and delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion from reputable legal counsel reasonably satisfactory to the Trustee, which opinion may be subject to customary qualifications and assumptions. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries; *provided*, *however*, that, as to opinions that deal with specialized areas of the law in which such employee or counsel does not have expertise, the opinion shall be issued by a reputable qualified outside counsel reasonably satisfactory to the Trustee.

"*Other Existing Syndicated Credit Facilities*" has the meaning ascribed to it in the Offering Memorandum.

"*Pari Passu Debt*" means (a) any Debt of the Issuer that ranks equally in terms of right of payment with the Notes or (b) any Debt of a Guarantor that ranks equally in terms of right of payment to its Note Guarantee.

"*Permitted Asset Swap*" means the substantially concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets, cash and Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sale of Certain Assets*".

"*Permitted Business*" means (a)(i) the retail business and/or (ii) any businesses, services or activities (in the case of this sub-clause (ii)) engaged in by the Issuer or any Restricted Subsidiary on the Issue Date or which are contemplated by the Issuer on the Issue Date and (b) any businesses, services and activities engaged in by the Issuer or any Restricted Subsidiary that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Permitted Holders*" means Rallye S.A. and its Affiliates. Any person or group whose acquisition of beneficial ownership of the Voting Stock of the Issuer constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means any of the following:

(a) Investments in cash or Cash Equivalent Investments;

(b) intercompany Debt to the extent permitted under clause (d) of the definition of "Permitted Debt;"

(c) Investments in (i) the Issuer other than a Restricted Payment of the type described in clause (1)(b) of the definition thereof, (ii) a Restricted Subsidiary or (iii) another Person if as a result of such Investment such other Person becomes a Restricted Subsidiary or such other Person is merged or consolidated or otherwise combined with or into, or transfers or conveys all or substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;

(d) expenses or advances to cover payroll, travel, entertainment, moving, other relocation and similar matters that are expected at the time of such advances to be treated as expenses in accordance with IFRS;

(e) Investments in the Notes and any Debt of the Issuer or any Restricted Subsidiary;

(f) Investments existing on the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(g) Investments in Hedging Obligations permitted under clause (2)(h) under "*—Certain Covenants—Limitation on Debt*";

(h) any Investments received in settlement, compromise or resolution of debts, litigation, arbitration or other disputes or as a result of foreclosure, perfection or enforcement of any Lien;

(i) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(j) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Sale, in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sale of Certain Assets*";

(k) any Investment to the extent made using Qualified Capital Stock of the Issuer as consideration;

(l) any guarantee of Debt permitted to be Incurred by the covenant entitled "—*Certain Covenants—Limitation on Debt*", performance guarantees and contingent obligations Incurred in the ordinary course of business and the creation of Liens on the assets of the Issuer or any Restricted Subsidiary, in compliance with the covenant described under "—*Certain Covenants—Limitation on Liens*;"

(m) Management Advances;

(n) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "—*Certain Covenants—Limitation on Debt*;"

(o) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (o) that are at the time outstanding (net of any dividends, repayments or other monetary return on such investments (other than in the form of loans or other credit)) at any time not to exceed the greater of €186.0 million and 20% of LTM EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to "—*Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (c) of the definition of "Permitted Investments" and not this clause;

(p) Investments resulting from the acquisition of a Person that at the time of such acquisition held instruments constituting Investments that were not acquired in contemplation of the acquisition of such Person;

(q) (i) stock, obligations or securities received in satisfaction of judgments, foreclosure of Liens or settlement of debts and (ii) any Investments received in compromise of obligations of trade creditors or customers that were Incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer;

(r) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described under "—*Limitation on Transactions with Affiliates*" (except transactions described in clauses (b), (g) or (k) of the second paragraph thereof);

(s) Investments consisting of purchases and acquisitions of inventory, supplies, materials, equipment or services or the licensing of intellectual property in the ordinary course of business;

(t) advances, loans or extensions of trade credit in the ordinary course of business by the Issuer or any Restricted Subsidiary;

(u) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business; and

(v) Investments in joint ventures or in Unrestricted Subsidiaries having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (v) that are at the time outstanding (net of any dividends, repayments or other monetary return on such investments (other than in the form of loans or other credit)) at any time not to exceed (i) the greater of €186.0 million and 20% of LTM EBITDA, plus (ii) €30.0 million per annum, with any unused amounts in any fiscal year carried over for the subsequent years; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "—*Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (c) of the definition of "Permitted Investments" and not this clause.

"*Permitted Liens*" means the following types of Liens:

(a) Liens existing on the Issue Date;

(b) Liens in favor of the Issuer or any Restricted Subsidiary;

(c) Liens created for the benefit of (or to secure) the Notes and the Note Guarantees;

(d) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(e) statutory Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees, pension plan administrators or other like Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith or Liens arising solely by virtue of any statutory or common law provisions relating to attorney's liens or bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depositary institution;

(f) Liens for taxes, assessments, government charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with IFRS, shall have been made;

(g) Liens incurred or deposits made to secure the performance of tenders, bids or trade or government contracts, or to secure leases, statutory or regulatory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business (other than obligations for the payment of money);

(h) zoning restrictions, easements, licenses, reservations, title defects, rights of others for rights-of-way, utilities, sewers, electrical lines, telephone lines, telegraph wires, restrictions, encroachments and other similar charges, encumbrances or title defects and incurred in the ordinary course of business that do not in the aggregate interfere in any material respect with the ordinary conduct of the business of the Issuer and the Restricted Subsidiaries on the properties subject thereto, taken as a whole;

(i) Liens arising by reason of any judgment, decree or order of any court not constituting an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(j) Liens on property or assets of, or on shares of Capital Stock or on Debt of, any Person existing at the time such Person becomes a Restricted Subsidiary or is merged with, or into, or consolidated with, the Issuer or any Restricted Subsidiary; *provided* that such Liens (i) do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the original property or assets of, or shares of Capital Stock or Debt of, such Person that is acquired by or merged with, or into, or consolidated with, the Issuer or any Restricted Subsidiary and (ii) were not created in connection with or in contemplation of such acquisition, merger or consolidation;

(k) Liens on property or assets existing at the time such property or assets are acquired, including any acquisition by means of a merger with or into or consolidation with, the Issuer or any Restricted Subsidiary; *provided* that such Liens (i) do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than (A) the property or assets acquired or (B) the property or assets of the Person merged with or into or consolidated with the Issuer or Restricted Subsidiary and (ii) were not in connection with or in contemplation of such acquisition, merger or consolidation;

(l) [*reserved*];

(m) Liens securing the Issuer's or any Restricted Subsidiary's Hedging Obligations permitted under clause (2)(h) under "*—Certain Covenants—Limitation on Debt*";

(n) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or other insurance (including unemployment insurance) or deposits to secure public or statutory obligations of such Person or deposits of cash or government bonds to secure performance, bid, surety or appeal bonds and completion bonds and guarantees to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent or amounts owed to utilities, in each case incurred in the ordinary course of business;

(o) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(p) Liens incurred in connection with a cash management program or cash pooling established in the ordinary course of business;

(q) [*reserved*];

(r) Liens on any property or assets of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations, Purchase Money Obligations, mortgage financings or other Debt of the Issuer or any Restricted Subsidiary, in each case, incurred in connection with the financing of all or any part of the purchase price, lease expense, rental payment or cost of design, construction, installation or improvement of assets or property (including Capital Stock of a Person); *provided* that any such Lien may not extend to any assets or property owned by the Issuer or any Restricted Subsidiary at the time the Lien is incurred other than the assets and property acquired, improved, constructed, leased or financed and any improvements or accessions to such assets and property (*provided* that to the extent that any such Capitalized Lease Obligations, Purchase Money Obligations, mortgage financings or other Debt relates to multiple assets or properties, then all such assets or properties may secure any such Capitalized Lease Obligation, Purchase Money Obligations, mortgage financings or other Debt); *provided, further*, that the aggregate principal amount of Debt secured by such Liens is otherwise permitted to be incurred under the Indenture;

(s) Liens incurred to secure Permitted Refinancing Debt permitted to be incurred under the Indenture; *provided* that the new Lien shall be limited to all or part of the same property and assets that secured the original Lien (*plus* improvements and accessions to such property and assets and proceeds or distributions thereof);

(t) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(u) leases, licenses, franchises, subleases and sublicenses of assets in the ordinary course of business;

(v) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(w) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(x) any interest or title of a lessor under any operating lease;

(y) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net cash proceeds of such disposal;

(z) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures that are not Restricted Subsidiaries securing obligations of such joint ventures;

(aa) Liens over treasury stock of the Issuer or a Restricted Subsidiary purchased or otherwise acquired for value by the Issuer or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;

(bb) other Liens securing obligations in an aggregate amount at any one time outstanding not to exceed the greater of €186.0 million and 20% of LTM EBITDA;

(cc) Liens (including put and call arrangements) on the Capital Stock or other securities of an Unrestricted Subsidiary that secure Debt or other obligations of such Unrestricted Subsidiary;

(dd) deposits constituting retainers for legal fees;

(ee) Liens Incurred on Securitization Assets and related assets in connection with a Qualified Securitization Financing or a Permitted Recourse Receivables Financing;

(ff) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Debt (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Debt or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Debt and are held in escrow accounts or similar arrangement to be applied for such purpose;

(gg) Liens securing Debt of the Issuer or any Restricted Subsidiary permitted to be Incurred pursuant to clauses (2)(a) and (2)(c) of the covenant described under the caption "*—Certain Covenants—Limitation on Debt*" and any Permitted Refinancing Debt in respect thereof (and Permitted Refinancing Debt in respect of such Permitted Refinancing Debt);

(hh) Liens on the assets or Capital Stock of a Project Finance Subsidiary that secure Debt Incurred by such Project Finance Subsidiary under clause (2)(u) of the covenant described under "*—Certain Covenants – Limitation on Debt*"; and

(ii) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (hh); *provided* that any such extension, renewal or replacement shall be no more restrictive in any material respect than the Lien so extended, renewed or replaced and shall not extend in any material respect to any additional property or assets.

"*Permitted Recourse Receivables Financing*" means any financing other than a Qualified Securitization Financing pursuant to which the Issuer or any Restricted Subsidiary may sell, convey or otherwise transfer to any other Person, or grant a security interest in, any accounts receivable (and related assets) in any aggregate principal amount at least equal to the Fair Market Value of such accounts receivable (and related assets) of the Issuer or any Restricted Subsidiary; *provided* that the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by the Board of Directors or a member of senior management of the Issuer) at the time such financing is entered into.

"*Permitted Refinancing Debt*" means any renewals, extensions, substitutions, refinancings or replacements (simultaneously or subsequently, whether upon or after termination or otherwise) of any Debt of the Issuer or a Restricted Subsidiary incurred pursuant to this definition, including any such successive renewals, extensions, substitutions, refinancings or replacements, so long as:

(a) such Debt is in an aggregate principal amount (or if incurred with original issue discount, an aggregate issue price) not in excess of the sum of (i) the aggregate principal amount (or if incurred with original issue discount, the aggregate accreted value and in the case of pay-in-kind Debt, the value of such Debt including any interest paid in the form of additional Debt) then outstanding of the Debt being renewed, extended, substituted, refinanced or replaced and (ii) an amount necessary to pay any fees, accrued and unpaid interest, underwriting discounts and other costs and expenses, including premiums and defeasance costs, related to such renewal, extension, substitution, refinancing or replacement);

(b) if the Debt being renewed, extended, substituted, refinanced or replaced is expressly or contractually subordinated in right of payment to the obligations of the Notes or any Note Guarantee, such Permitted Refinancing Debt is subordinated in right of payment to such obligations on terms at least as favorable to the holders of the Notes or relevant Note Guarantee, as those contained in the documentation governing the Debt being renewed, extended, substituted, refinanced or replaced;

(c) such Permitted Refinancing Debt has (i) a final maturity date that is either (x) no earlier than the final maturity date of the Debt being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (y) after the final maturity date of the Notes and (ii) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Debt being renewed, refunded, refinanced, replaced, defeased or discharged; and

(d) such Debt does not include (i) Debt of a Restricted Subsidiary of the Issuer that is not a Guarantor that refinances Debt of the Issuer or a Guarantor or (ii) Debt of the Issuer or a Restricted Subsidiary that refinances Debt of an Unrestricted Subsidiary.

"*Permitted Reorganization*" means any amalgamation, demerger, merger, sale, contribution, or other disposition, voluntary liquidation, consolidation, reorganization, winding up, corporate reconstruction or other reorganization involving the Issuer or any of its Restricted Subsidiaries and the assignment, transfer or assumption of intragroup receivables and payables, among or between the Issuer and its Restricted Subsidiaries in connection therewith (a "*Reorganization*") that is made on a solvent basis; *provided* that, immediately after giving effect to such Reorganization: (a) all of the business and property or assets of the Issuer or such Restricted Subsidiary are owned by the Issuer or its Restricted Subsidiaries (and if such Restricted Subsidiary was a Guarantor immediately prior to such Reorganization, all the business and property or assets of such Restricted Subsidiary are retained by one or more Guarantors or one or more Restricted Subsidiaries of a Guarantor), (b) any payments or property or assets distributed, sold, contributed or disposed of in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries, (c) the Issuer will provide to the Trustee an Officer's Certificate confirming that such Reorganization is permitted under the Indenture and that no Default is continuing or would arise as a result of such Reorganization and (d) in the event of a sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of, or a consolidation, amalgamation or merger with or into, the Issuer or any Guarantor, the surviving entity thereof (if not the Issuer or another Guarantor) shall assume the obligations of the Issuer or such other Guarantor, as applicable, in a manner consistent with the covenant described under "*—Certain Covenants—Consolidation, Merger and Sale of Assets*".

"*Person*" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Preferred Stock*" means, with respect to any Person, Capital Stock of any class or classes (however designated) of such Person which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class of such Person whether now outstanding or issued after the Issue Date, and including, without limitation, all classes and series of preferred or preference stock of such Person; *provided* that accrued non-cash dividends with respect to any Preferred Stock shall not constitute Preferred Stock for the purposes of "*—Certain Covenants—Limitation on Debt*".

"*Project Debt*" means Debt Incurred by any Project Finance Subsidiary:

(a) as to which neither the Issuer nor any Restricted Subsidiary (other than such Project Finance Subsidiary) (A) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Debt), (B) is directly or indirectly liable as a direct obligor, a guarantor or otherwise, or (C) constitutes the lender;

(b) no default with respect to which (including any rights that the holders of the Debt may have to take enforcement action against such Project Finance Subsidiary) would permit upon notice, lapse of time or both any holder of any Debt of the Issuer or any Restricted Subsidiaries (other than such Project Finance Subsidiary) to declare a default on such other Debt or cause the payment of the Debt to be accelerated or payable prior to its stated maturity; and

(c) as to which the lenders have been notified in writing or have agreed in writing (in the agreement relating thereto or otherwise) that they will not have any recourse to any assets of the Restricted Group other than pursuant to any Lien permitted under clause (hh) of the definition of "Permitted Liens".

"*Project Finance Subsidiary*" means any Restricted Subsidiary and any Restricted Subsidiary thereof, in each case, that is a special purpose vehicle established solely for the purpose of, and which at all times is solely conducting the business of, financing and/or carrying out a project in respect of a Permitted Business and that:

(a) does not own any Capital Stock or Indebtedness of, or have any Investment in, or own or hold any Lien on any property or assets or Capital Stock of the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of such Project Finance Subsidiary;

(b) is a Person with respect to which neither the Issuer nor any Restricted Subsidiary has any direct or indirect obligation (A) to subscribe for Capital Stock or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(c) is not a party to any contract, arrangement or understanding with the Issuer or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer.

"*Public Debt*" means any Debt consisting of bonds, debentures, notes or other similar debt securities which are, or are capable of being, quoted, listed and admitted to trading or ordinarily dealt in on any stock exchange, over-the-counter-market or other securities market.

"*Purchase Money Obligations*" means any Debt Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Capital Stock*" of any Person means any and all Capital Stock of such Person other than Redeemable Capital Stock.

"*Qualified Securitization Financing*" means any financing pursuant to which the Issuer or any Restricted Subsidiary may sell, convey or otherwise transfer to any other Person, or grant a security interest in, any accounts receivable (and related assets) in any aggregate principal amount at least equal to the Fair Market Value of such accounts receivable (and related assets) of the Issuer or any Restricted Subsidiary; *provided* that (a) the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by the Board of Directors or a member of senior management of the Issuer) at the time such financing is entered into and (b) such financing shall be non-recourse to the Issuer and the Restricted Subsidiaries, except to a limited extent customary for such transactions.

"*Rating Agencies*" means Moody's and S&P or, in the event that Moody's or S&P no longer assigns a rating to the Notes, any other credit rating agency registered by the European Securities and Markets Authority pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies, as amended, selected by the Issuer as a replacement agency.

"*Redeemable Capital Stock*" means any class or series of Capital Stock that, either by its terms, by the terms of any security into which it is convertible or exchangeable, or by contract or otherwise, matures or is, or upon the happening of an event or passage of time would, mature or be, required to be redeemed, pursuant to a sinking fund obligation or otherwise, in whole or in part, prior to the six-month anniversary of the final Stated Maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to the six-month anniversary of such final Stated Maturity, or is convertible into or exchangeable for debt securities at any time prior to the six-month anniversary of such final Stated Maturity; *provided* that any Capital Stock that would constitute Qualified Capital Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of any "asset sale" or "change of control" occurring prior to the six-month anniversary of the Stated Maturity of the Notes will not constitute Redeemable Capital Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described under the caption "*—Certain Covenants—Restricted Payments*".

"*Related Business Assets*" means assets (other than Cash Equivalents) used or useful in a Permitted Business; provided that any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary will not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person is or would become a Restricted Subsidiary.

"*Responsible Officer*" means, when used with respect to the Trustee, any director, associate director or assistant secretary within the debt and agency services department of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary.

"*Revolving Credit Facility*" has the meaning ascribed to it in the Offering Memorandum.

"*Revolving Credit Facility Agreement*" has the meaning ascribed to it in the Offering Memorandum.

"*S&P*" means S&P Global Ratings and its successors.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"*Securitization Assets*" means any accounts receivable subject to a Qualified Securitization Financing or a Permitted Recourse Receivables Financing.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Issuer or a Restricted Subsidiary in connection with, any Qualified Securitization Financing or Permitted Recourse Receivables Financing.

"*Securitization Repurchase Obligation*" means any obligation of a seller of Securitization Assets in a Qualified Securitization Financing or a Permitted Recourse Receivables Financing to repurchase Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or a portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Segregated Accounts*" means collectively (i) the euro-denominated cash and, if applicable, the securities account opened in France in the name of Quatrim S.A.S. prior to the original issue date of the Senior Secured Notes which forms part of the collateral for the Senior Secured Notes and is designated as a "Bond Segregated Account", the terms of which do not permit the withdrawal of any monies or securities other than for application in accordance with the terms of the Senior Secured Notes Indenture; and (ii) the euro-denominated cash and, if applicable, securities account opened in France in the name of the Issuer which forms part of the collateral for the Revolving Credit Facility and is designated as a "Segregated Account", the terms of which do not permit the withdrawal of any monies or securities other than for application in the reduction of Debt under the Revolving Credit Facility, the Term Loan B, the Incremental Term Loan B, the Other Existing Syndicated Credit Facilities, certain series of the Existing EMTN Bonds, the Segisor Credit Facility and the Senior Secured Notes.

"*Segisor*" means Segisor S.A.S., a Subsidiary of the Issuer incorporated under the laws of the Republic of France.

"*Segisor Credit Facility*" has the meaning ascribed to it in the Offering Memorandum.

"*Senior Secured Notes*" means the 5.875% senior secured notes issued by Quatrim S.A.S. on November 20, 2019 under the Senior Secured Notes Indenture.

"*Senior Secured Notes Indenture*" means the indenture, dated as of November 20, 2019, among *inter alios* Quatrim S.A.S., as issuer, the guarantors named therein and Citibank, N.A., London Branch, as trustee and security agent, as amended and supplemented from time to time.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries that are Restricted Subsidiaries (i) accounted for more than 10% of the consolidated revenues of the Issuer or (ii) was the owner of more than 10% of the Total Assets; *provided* that compliance with the conditions set forth in sub-clauses (i) and (ii) shall be determined by reference to the latest audited annual consolidated financial statements of the Issuer and the relevant Restricted Subsidiary's latest audited annual consolidated or (if consolidated accounts are not prepared in relation to such Restricted Subsidiary) unconsolidated annual financial statements.

"*Stated Maturity*" means, when used with respect to any Note or any installment of interest thereon, the date specified in such Note as the fixed date on which the principal of such note or such installment of interest, respectively, is due and payable, and, when used with respect to any other debt, means the date specified in the instrument governing such debt as the fixed date on which the principal of such debt, or any installment of interest thereon, is due and payable.

"*Subordinated Debt*" means Debt of the Issuer or any Guarantor that is expressly subordinated in right of payment to the Notes or the Note Guarantee of such Guarantor, as the case may be, pursuant to a written agreement; *provided* that no Debt will be deemed to be subordinated in right of payment to any other Debt solely by virtue of being unsecured or by virtue of being secured on a junior Lien basis.

"*Subsidiary*" means, with respect to any specified Person:

(a) any corporation, association or other business entity of which more than 50% of the total voting power of Voting Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(b) any partnership or limited liability company (other than entities covered by clause (a) of this definition) of which (i) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (ii) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For the purposes hereof, "beneficially owned" has a meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date.

"*Tax*" means any tax, duty, levy, impost, assessment or other similar governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). "Taxes" and "Taxation" shall be construed to have corresponding meanings.

"*Term Loan B Facility*" has the meaning ascribed to it in the Offering Memorandum.

"*Term Loan B Facility Agreement*" has the meaning ascribed to it in the Offering Memorandum.

"*Tevir*" means Tevir S.A.S., a Subsidiary of the Issuer incorporated under the laws of the Republic of France.

"*Total Assets*" means the consolidated total assets of the Issuer and the Restricted Subsidiaries as shown on the most recent consolidated balance sheet of the Issuer.

"*Transactions*" means the Offering, the drawing of the Incremental Term Loan B, the entry into any agreement by the Issuer or any Affiliate in connection with the Offering and the Incremental Term Loan B and the application of proceeds therefrom as described under the "*Use of Proceeds*" section of the Offering Memorandum, including the repayment or extinguishment of any indebtedness, payment or reimbursement of any fees and expenses and any other transactions incidental to the above.

"*Unrestricted Subsidiary*" means:

(a) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer's Board of Directors pursuant to the "*—Designation of Unrestricted and Restricted Subsidiaries*" covenant); and

(b) any Subsidiary of an Unrestricted Subsidiary.

"*Voting Stock*" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or trustees (or Persons performing similar functions) of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"*Weighted Average Life to Maturity*" means, when applied to any Debt at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (1) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Debt (not including, for the avoidance of doubt, any additional principal amount arising from interest payments in respect of pay-in-kind Debt), by (2) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes sold to non-U.S. persons outside the United States pursuant to Regulation S will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Global Notes**"). The Global Notes will be deposited, on the Issue Date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes (the "**Book-Entry Interests**") will be limited to persons who have accounts with Euroclear and/or Clearstream or persons who may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interests in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holder" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the nominee of the common depositary for Euroclear and/or Clearstream, will be considered the sole holder of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of Euroclear and/or Clearstream and indirect participants must rely on the procedures of Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders of the Notes under the Indenture.

None of the Issuer, the Trustee under the Indenture, the Agents nor any of the Issuer's respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "**Definitive Registered Notes**"):

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depository for the Global Notes and a successor depository is not appointed by the Issuer; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests).

In the case of the issuance of Definitive Registered Notes, payment of principal of, and premium, if any, and interest on the Notes shall be payable at the place of payment designated by the Issuer pursuant to the Indenture; *provided that*, at the Issuer's option, payment of interest on a Note may be made by check mailed to the person entitled thereto at such address as shall appear on the note register.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of a transfer agent, the Issuer will issue and the Trustee or an authenticating agent will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect ourselves, the Trustee, the Registrar, the Paying Agent or the Transfer Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by it in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, we will publish a notice of any issuance of Definitive Registered Notes in a daily leading newspaper having general circulation in Luxembourg (which we expect to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of a Note as the absolute owner thereof.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by them or it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided*, *however*, *that* no Book-Entry Interest of less than €100,000 principal amount at maturity may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts then required to be paid under the Notes) will be made by the Issuer to the Paying Agent. In turn, the Paying Agent will make such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective procedures. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee and the Agents will treat the registered holder of the Global Notes (*i.e.*, the common depositary for Euroclear or Clearstream (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, or the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- any other matters relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes, will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream, at the request of the holders of the Notes where enforcement action is being taken in respect thereof, reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear's and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires the physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require the physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and exchange*", and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor any of the Initial Purchasers, the Trustee or any of the Agents is responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are expected to be admitted to trading on the Euro MTF Market and listed on the Official List of the Luxembourg Stock Exchange. The Issuer expects that secondary trading in any Notes will be settled in accordance with rules and operating procedures of Euroclear, Clearstream and/or the Luxembourg Stock Exchange.

Although Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, the Trustee or the Agents will have any responsibility for the performance by Euroclear, Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN TAX CONSIDERATIONS

The following is a general discussion of certain French withholding tax considerations that may be relevant to prospective purchasers of the Notes. This summary is based on the laws in force and interpretations thereof in France as of the date of this Listing Prospectus and is subject to any changes in law that may take effect after such date, possibly with a retroactive effect. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, hold or dispose of the Notes. Prospective purchasers of the Notes are advised to consult their tax advisors as to the tax consequences, under the tax laws of the country in which they are resident, of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium, if any, on and upon the sale or redemption of, the Notes or any interest therein.

Certain French tax considerations

Except where specifically stated above, the following is a summary of certain of the material French tax considerations relating to the purchase, ownership and disposal of the Notes by a holder of the Notes that: (i) is not a French resident for French tax purposes; (ii) is not a shareholder of the Issuer; (iii) is not related to the Issuer within the meaning of Article 39.12 of the FTC; and (iv) does not hold the Notes in connection with a business or profession conducted in France, or a permanent establishment or fixed base situated in France.

This summary is based on the tax laws and regulations of France, as currently in effect and applied by the French tax authorities, and all of which are subject to change, possibly with retroactive effect, or to different interpretation.

This summary is for general information only and does not purport to be a comprehensive description of all of the French tax considerations that may be relevant to specific holders in light of their particular circumstances. Furthermore, this summary does not address any French estate or gift tax considerations.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO FRENCH TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSAL OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Article 1649 AC of the FTC imposes a requirement on financial institutions within the meaning of Article 1 of Decree n°2016-1683 to review and collect information on their clients and investors, in order to identify their tax residence, as well as to provide certain account information to relevant foreign tax authorities (via the French tax authorities) on an annual basis.

Payments of interest and other revenues in respect of the Notes

Payments of interest and other assimilated revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the FTC unless such payments are made outside France in a Non-Cooperative State (*État ou territoire non coopératif*) within the meaning of Article 238-0 A of the FTC other than those mentioned in Article 238-0 A 2 bis 2˚ of the same code, irrespective of the holder's residence for tax purposes or registered headquarters. Pursuant to Article 125 A III of the FTC, if such payments under the Notes are made in a Non-Cooperative State, a 75% mandatory withholding tax will be due (subject to certain exceptions certain of which are set forth below and to the more favorable provisions of any applicable double taxation treaty). The list of Non-Cooperative States is, in principle, updated each year. The list of Non-Cooperative States was last updated on January 6, 2020, and currently includes, in addition to Panama, which was already included in the former version of this list, American Samoa, Anguilla, the Bahamas, the British Virgin Islands, Fiji, Guam, Oman, Samoa, Seychelles, Trinidad and Tobago, the United States Virgin Islands and Vanuatu. States referred to only in Article 238-0 A 2 *bis* 2° of the FTC, and thus outside of the scope of Article 125 A III of the FTC, are currently American Samoa, Fiji, Guam, Oman, Samoa, Trinidad and Tobago and the United States Virgin Islands. See "*Risk Factors—Risks Related to Legal and Regulatory Matters—The adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results*".

Furthermore, according to Article 238 A of the FTC, interest and other assimilated revenues on the Notes may not be deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a privileged tax jurisdiction (*i.e.*, where such persons would be subject to a tax lower than 40% as from January 1, 2020 pursuant to the Law that aims at fighting tax fraud) of the tax they would have incurred had they been domiciled or established in France) or a Non-Cooperative State or paid on an account opened in a financial institution located in such a Non-Cooperative State within the meaning of Article 238-0 A of the FTC e (including those mentioned in Article 238-0 A 2 bis 2° of the same code). Under certain conditions, any such non-deductible interest and other assimilated revenue may be recharacterized as deemed dividends pursuant to Articles 109 *et seq.* of the FTC, in which case such non-deductible interest and other assimilated revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the FTC at a rate of (i) 75% if they are paid outside France in a Non-Cooperative State, unless such Non-Cooperative State is referred to in Article 238-0 A 2 bis 2° of the FTC, (ii) 28% if they are paid to non-French tax resident corporate or other legal entities (it being noted that such withholding tax rate will be progressively reduced in line with the reduction of the rate of French corporate income tax provided for by Article 219 I of the FTC for fiscal years beginning as from January 1, 2020) or (iii) 12.8% in cases where the holder is a non-French tax resident individual, in each case subject to the more favorable provisions of any applicable double taxation treaty.

Notwithstanding the foregoing, neither the 75% withholding tax set out under Article 125 A-III of the FTC nor, to the extent the relevant interest and other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the non-deductibility set out under Article 238 A of the FTC and the related withholding tax set out under Article 119 *bis* 2 of the FTC that may be levied as a result of such non-deductibility, will apply in respect of a particular issue of Notes, if the Issuer can prove that the main purpose and effect of such issue were not to enable payments of interest or other assimilated revenues to be made in a Non-Cooperative State (the "**Exception**").

In addition, pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* (French administrative guidelines) referenced as BOI-INT-DG-20-50-11/02/2014 no. 550 and 990 and BOI-IR-DOMIC-10-20-20-60-19/12/2020 no. 10, an issue of Notes benefits from the Exception without the Issuer having to provide any proof of the main purpose and effect of such issue of Notes, and accordingly will be able to automatically benefit from the Exception (the "**Safe Harbor**"), if such Notes are:

- offered by means of a public offer within the meaning of Article L. 411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) which is not exempt from the obligation to publish a prospectus or pursuant to an equivalent offer in a State which is not a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- admitted to trading on a French or foreign regulated market or a multilateral securities trading system *provided that* such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, *provided further that* such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- admitted, at the time of their issue, to the operations of a central depositary or of a securities delivery and payments systems operator within the meaning of Article L. 561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositaries or operators, *provided that* such depositary or operator is not located in a Non-Cooperative State.

The Notes issued pursuant to this Listing Prospectus qualify as debt securities under French commercial law. Considering that: (i) as of the date of their admission to trading, the Notes will be admitted to trading on the Luxembourg Stock Exchange in Luxembourg, which does not qualify as a Non-Cooperative State, and such market is operated by a market operator which is not located in a Non-Cooperative State and/or (ii) at the time of their issue, the Notes will be admitted to the operations of Euroclear and Clearstream, which are not located in a Non-Cooperative State, the Notes will fall under the Safe Harbor.

Sale, disposal or redemption of the Notes

Pursuant to Article 244 *bis* C of the FTC, a holder of Notes who is not a resident of France for French tax purposes and who does not hold its Notes in connection with a permanent establishment or a fixed place of business in France, should not be subject to any income or withholding taxes in France in respect of the gains realized on the sale, exchange or other disposal of the Notes.

Stamp duties

No transfer taxes or similar duties are payable in France in connection with a transfer of Notes, *provided that* such transfers are not recorded in a deed registered with the French tax authorities and that the EU FTT does not become applicable and except in the case of filing with the French tax authorities on a voluntary basis. See "*Risk Factors—Transactions in the Notes could be subject to the European financial transaction tax, if adopted.*"

CERTAIN INSOLVENCY LAW CONSIDERATIONS

European Union

EU Insolvency Regulation

The Issuer is organized under the laws of France, which is a Member State of the European Union.

Pursuant to Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (recast), as amended, in particular by Regulation (EU) 2018/946 of the European Parliament and of the Council of July 4, 2018, published in the Official Gazette of the European Union on July 6, 2018 (the "**EU Insolvency Regulation**") was published in the Official Gazette of the European Union on June 5, 2015.

The EU Insolvency Regulation applies within the European Union (other than Denmark), to public collective insolvency proceedings as defined therein and listed in its Annex A. It provides that the courts of the Member State in which a debtor's "center of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to commence main insolvency proceedings relating to such debtor. The determination of where a debtor has its center of main interests is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Pursuant to Article 4 of the EU Insolvency Regulation, a court requested to open insolvency proceedings is required to examine whether it has jurisdiction pursuant to Article 3 and, pursuant to Article 5, such decision may be challenged by the debtor or any creditor on grounds of international jurisdiction.

Article 3(1) of the EU Insolvency Regulation provides that the center of main interests, or "COMI" of a "debtor shall be the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties". It sets forth, as explained by Recital (30), a rebuttable presumption that a debtor has its COMI in the Member State in which it has its registered office in the absence of proof to the contrary. This presumption shall only apply if the registered office of the legal person has not been moved to another Member State within the 3-month period prior to the request for the opening of insolvency proceedings. Recital (30) provides that it should be possible to rebut this presumption if a debtor's central administration is located in a Member State other than that of its registered office and a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the debtor's actual center of management and supervision and the management of its interests is located in that other Member State. Under the previous EU insolvency regulation (Council Regulation (EC) 1346/2000 of May 29, 2000), which defined the COMI in similar terms, the courts have taken into consideration a number of factors in determining a debtor's COMI, including in particular where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established. A debtor's COMI is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to commence insolvency proceedings at the time of the filing of the insolvency petition.

If a debtor's COMI is and will remain located in the Member State (other than Denmark) in which it has its registered office, the main insolvency proceedings in respect of the debtor under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings commenced in one Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be commenced in another Member State.

If a debtor's COMI is in a Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to commence secondary (territorial) insolvency proceedings against that debtor only if such debtor has an "establishment" (within the meaning and as defined in Article 2(10) of the EU Insolvency Regulation) in the territory of such other Member State or had an establishment in such EU Member State in the 3-month period prior to the request for commencement of main insolvency proceedings. An "establishment" is defined to mean "any place of operations where the debtor carries out or has carried out in the 3-month period prior to the request to commence main insolvency proceedings a non-transitory economic activity with human means and assets".

Where main proceedings have been commenced in the Member State in which the debtor has its COMI, any proceedings commenced subsequently in another Member State in which the debtor has an establishment shall be secondary insolvency proceedings. The effects of such proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. Where main proceedings in the Member State in which the debtor has its COMI have not yet been commenced, pursuant to Article 3 (4) of the EU Insolvency Regulation, territorial insolvency proceedings may only be commenced in another Member State where the debtor has an establishment where either (a) insolvency proceedings cannot be commenced in the Member State in which the debtor's COMI is situated under that Member State's law; or (b) the territorial insolvency proceedings are commenced at the request of (i) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the commencement of territorial proceedings is requested or (ii) a public authority that has the right to make such a request under the law of the Member State in which the establishment is located. Irrespective of whether the insolvency proceedings are main or territorial insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus*, *i.e.*, the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor. Furthermore, pursuant to Article 6 of the EU Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

The opening of insolvency proceedings in a Member State pursuant to the EU Insolvency Regulation shall not affect the rights in rem of creditors or third parties in respect of tangible or intangible, moveable or immoveable assets, both specific assets and collections of indefinite assets as a whole that change from time to time, belonging to the debtor that are situated within the territory of another Member State at the time of the opening of proceedings. Rights in rem include:

- the right to dispose of assets or have them disposed of and to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or a mortgage;
- the exclusive right to have a claim met, in particular a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of a guarantee;
- the right to demand assets from, and/or to require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled;
- a right in rem to the beneficial use of assets.

The courts of all Member States (other than Denmark) must recognize the judgment of the court commencing main proceedings that will be given the same effect in the other Member States so long as no secondary proceedings have been commenced there. The insolvency practitioner appointed by a court in a Member State that has jurisdiction to commence main proceedings (because the debtor's COMI is located there) may exercise the powers conferred on it by the laws of that Member State in another Member State (such as to remove assets of the debtor from that other Member State) subject to certain limitations, as long as no insolvency proceedings have been commenced in that other Member State or no preservation measures have been taken to the contrary further to a request to commence insolvency proceedings in that other Member State where the debtor has assets.

Pursuant to Article 21 of the EU Insolvency Regulation, the insolvency officeholder appointed by the court of the main proceedings may exercise the powers conferred on him by the law of the Member State in which the main proceedings are located in another Member State as long as no insolvency proceedings have been opened in such other Member State or any preservation measure to the contrary has been taken there further to a request to open insolvency proceedings in such other Member State. He may, in particular, subject to the preservation of third parties' right in rem pursuant to Article 8 of the EU Insolvency Regulation and to the preservation of the sellers' rights based on a reservation of title pursuant to Article 10 of the EU Insolvency Regulation, remove assets of the company from that other Member State.

However, under Article 36 of the EU Insolvency Regulation, the insolvency practitioner in the main insolvency proceedings may attempt to avoid the opening of secondary insolvency proceedings in another Member State by giving a unilateral undertaking in respect of the assets located in the Member State in which secondary insolvency proceedings could be opened that the distribution of those assets or of the proceeds received as a result of their realization, will comply with the distribution and priority rights that would apply under the relevant national law if secondary insolvency proceedings were opened in such other Member State. Such undertaking must be made in writing and is subject to approval by a qualified majority of known local creditors, determined in accordance with the local law of such other Member State. If approved, the undertaking is binding on the insolvency estate and if a court is requested to open secondary insolvency proceedings, it shall, at the request of the insolvency practitioner in the main insolvency proceedings, refuse to open such proceedings if it is satisfied that the undertaking adequately protects the general interests of local creditors.

Additionally, under Article 38 of the EU Insolvency Regulation, where a temporary stay of individual enforcement proceedings has been granted in order to allow for negotiations between a company and its creditors, the court, at the request of the company or of the insolvency practitioner in the main insolvency proceedings, may stay the opening of secondary insolvency proceedings for a period not exceeding three months, provided that suitable measures are in place to protect the interests of local creditors.

Under Article 46 of the EU Insolvency Regulation, the court that opened the secondary insolvency proceedings will also stay the process of realization of assets in whole or in part upon receipt of a request from the insolvency practitioner in the main insolvency proceedings, for a period of up to three months, unless such a request is manifestly of no interest to the creditors in the main insolvency proceedings. Such stay may be continued or renewed for similar periods. Where the court stays the process of realization of the assets, the court may require the insolvency practitioner in the main insolvency proceedings to take any suitable measure to guarantee the interests of the creditors in the secondary insolvency proceedings and of individual classes of creditors.

The EU Insolvency Regulation provides:

- for cooperation and communication between insolvency practitioners of the main insolvency proceedings and of the secondary insolvency proceedings and, in order to facilitate the coordination of main, territorial and secondary insolvency proceedings concerning the same debtor for cooperation and communication between (i) courts and (i) insolvency practitioners and courts;
- for specific cooperation, communication and coordination measures in order to ensure the efficient administration of insolvency proceedings relating to different companies forming part of the same group;
- that the Member States shall establish and maintain a register of insolvency proceedings; and
- that the European Commission shall establish a decentralized system for the interconnection of such insolvency registers.

EU Directive on preventive restructuring frameworks

The EU directive 2019/1023 of the European Parliament and the Council of June 20, 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) (the "**EU Restructuring Directive**") was published on June 26, 2019.

The objectives of the EU Restructuring Directive are to ensure that (i) viable enterprises and entrepreneurs that are in financial difficulties have access to effective national preventive restructuring frameworks that enable them to continue operating, (ii) honest insolvent or over-indebted entrepreneurs (*i.e.*, individuals) can benefit from a full discharge of debt after a reasonable period of time, thereby affording them a second chance and (iii) the effectiveness of procedures concerning restructuring, insolvency and discharge of debt is improved, in particular with a view to shortening their length.

The Restructuring Directive aims to achieve a higher degree of harmonization in the field of restructuring, insolvency, discharge of debt and disqualifications by establishing substantive minimum standards for preventive restructuring procedures as well as for procedures leading to a discharge of debt for entrepreneurs in order to promote a culture that encourages early preventive restructuring to address financial difficulties at an early stage, when it appears likely that insolvency can be prevented and the viability of the business can be ensured. Most notably, the Restructuring Directive provides for a framework pursuant to which (a) a stay of individual enforcement actions by creditors against debtors must be introduced by Member States national legislation, (b) all creditor claims shall be grouped into separate classes each of which shall reflect a commonality of interests (at a minimum, creditors of secured and unsecured claims shall be treated in separate classes), (c) creditor claims may be restructured in a restructuring plan by majority vote with a majority of not more than 75% of the amount of the claims in each class and, where the Member State so requires, a majority in number of affected parties in each class and (d) a cross-class cram-down is introduced whereby a restructuring plan may, under certain conditions, be adopted and bind dissenting creditors even if the creditors of one or more classes do not consent to the restructuring plan with the required majority. The transposition of the Restructuring Directive into national legislation shall protect new and interim financing and other restructuring related transactions and may also provide priority ranking to new or interim financing granted in the context of the restructuring.

The EU Restructuring Directive shall be transposed into national laws or regulations by Member States by July 17, 2021 (with the exception of the provisions relating to the use of electronic means of communication for which the time period for the transposition expires in certain respects on July 1, 2024 or, in others, on July 17, 2026), subject to a maximum 1 year extension of the transposition period for Member States encountering particular difficulties in implementing the EU Restructuring Directive.

France

Insolvency

The Issuer conducts part of its business activity in France and, to the extent that its registered office is deemed to be in France, it could be subject to French court-assisted proceedings affecting creditors, i.e. *mandat ad hoc* or *conciliation* proceedings (which do not fall within the scope of the EU Insolvency Regulation). In addition, to the extent that its COMI or, in cases where the EU Insolvency Regulation does not apply, its main center of interests within the meaning of article R. 600-1 of the French Commercial Code, is deemed to be in France or it has an establishment in France, it could also be subject to French court-administered proceedings affecting creditors, i.e. either safeguard proceedings, accelerated safeguard proceedings or accelerated financial safeguard proceedings (*sauvegarde*, *sauvegarde accélérée* or *sauvegarde financière accélérée*), judicial reorganization proceedings (*redressement judiciaire*) or judicial liquidation proceedings (*liquidation judiciaire*).

Specialized courts exist for (i) conciliation or insolvency proceedings with respect to debtors that meet or exceed (on a stand-alone basis or together with the companies under their control) (x) 20 million euros in turnover and 250 employees or (y) 40 million euros in turnover, (ii) commencement of proceedings with respect to which the court's international jurisdiction results from the application of the EU Insolvency Regulation or (iii) in cases where the EU Regulation does not apply, from the debtor having its main center of interests within the jurisdiction of such specialized courts.

In addition, the French court that commences insolvency proceedings with respect to the member of a corporate group has jurisdiction over all the other members of the group (subject to French courts having international jurisdiction with respect to such entities, in accordance with the rules outlined above and to specific control thresholds); accordingly, a court can supervise the insolvency proceedings of the whole group and may, for this purpose, appoint the same administrator and creditors' representative (*mandataire judiciaire*) for all proceedings in respect of members of the group.

In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit your ability to enforce your rights under the Notes. This is even more relevant within the temporary framework to amend Book VI of the French Commercial Code enacted by the French government in the context of the COVID-19 crisis.

Annex A of the EU Insolvency Regulation lists safeguard, accelerated safeguard, accelerated financial safeguard, judicial reorganization and judicial liquidation proceedings as insolvency proceedings within the meaning of the EU Insolvency Regulation. Any company of our group having its COMI in France would be subject to French main insolvency proceedings within the meaning of the EU Insolvency Regulation and any company of our group having an establishment in France and its COMI in another EU Member State (other than Denmark) could be subject to French secondary insolvency proceedings within the meaning of the EU Insolvency Regulation.

The following is a general discussion of preventive and insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Notes.

Such proceedings will likely be amended in the context of the transposition of the Restructuring Directive into French law with respect to which French statute n°2019-486 dated May 22, 2019 ("*Loi Pacte*") grants the French government twenty-four months to enact appropriate measures through ordinances for the transposition of the EU Restructuring Directive.

Once transposed into French law, the Restructuring Directive should have a material impact on French insolvency law, particularly with regard to the process of adoption of restructuring plans under insolvency proceedings. According to this directive, "affected parties" (i.e., including notably creditors and therefore the Noteholders) shall be treated in separate classes which reflect certain class formation criteria for the purpose of adopting a restructuring plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that reflect a sufficient commonality of interest based on verifiable criteria. As a minimum, secured and unsecured claims shall be treated in separate classes for the purpose of adopting a restructuring plan. A restructuring plan shall be deemed to be adopted by affected parties, provided that a majority in amount of their claims or interests is obtained in each and every class (the required majorities shall be laid down by Member States at not higher than 75% in the amount of claims or interests in each class, it being noted that Member States may require that in addition, a majority in number of affected parties be obtained in each class). If the restructuring plan is not approved by each and every class of affected parties, the plan may however be confirmed by a judicial or administrative authority by applying a cross-class cram-down, providing notably that:

- creditors that share enough commonality of interest within a class benefit from equality of treatment and are treated in proportion to their claim;
- the plan has been notified to all affected parties;
- the plan complies with the best interest of creditors test (i.e., no dissenting creditor would be worse off under the restructuring plan than they would be in the event of liquidation, whether piecemeal or sale as a going concern or in the event of the next-best-alternative scenario if the restructuring plan were not to be confirmed);
- as the case may be, any new financing necessary to implement the restructuring plan does not unfairly prejudice the interest of creditors;
- the plan has a reasonable prospect of preventing the insolvency of the debtor or ensuring the viability of the business;
- the plan has been approved:
    - by a majority of the voting classes of affected parties, provided that at least one of those classes is a secured creditors class or is senior to the ordinary unsecured creditors class; or, failing that,
    - by at least one of the voting classes of affected parties or, where so provided under national law, impaired parties, other than an equity-holders class or any other class which, upon a valuation of the debtor as a going-concern, would not receive any payment or keep any interest, or, where so provided under national law, which could be reasonably presumed not to receive any payment or keep any interest, if the normal ranking of liquidation priorities were applied under national law; it is specified that member states may increase the minimum number of voting classes of affected parties or, where so provided under national law, of impaired parties;
- the plan complies with the relative priority rule (i.e., dissenting voting classes of affected creditors are treated at least as favorably as any other class of the same rank and more favorably than any junior class). By way of derogation, Member States may instead provide that the plan shall comply with the absolute priority rule (i.e., a dissenting voting class of creditors must be satisfied in full before a more junior class may receive any distribution or keep any interest under the restructuring plan); and
- no class of affected parties can, under the restructuring plan, receive or keep more than the full amount of its claims or interests.

Member States may maintain or introduce provisions derogating from the conditions above where they are necessary in order to achieve the aims of the restructuring plan and where the restructuring plan does not unfairly prejudice the rights or interests of any affected parties.

Grace Periods

In addition to insolvency laws discussed below, creditors could be subject to Article 1343-5 of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil or commercial proceedings involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate, as published semi-annually by the French government) or that payments made shall first be allocated to repayment of principal. A court order made under Article 1343-5 of the French Civil Code will suspend any pending enforcement measures, and any contractual default interest or penalty for late payment will not accrue or be due during the grace periods ordered by the relevant judge.

If the debtor is engaged in conciliation proceedings or has reached a conciliation agreement that is in the course of being executed, special rules apply to the grant of grace periods (see *"—Court-assisted Proceedings*" below).

Insolvency Test

Under French law, a debtor is considered to be insolvent (*en état de cessation des paiements*) when it is unable to pay its due debts with its immediately available assets (*actif disponible*) taking into account available credit lines, existing debt rescheduling agreements and moratoria.

The date of insolvency (*état de cessation des paiements*) is generally deemed to be the date of the court ruling commencing the judicial reorganization or judicial liquidation proceedings, unless the court sets an earlier date, which may be carried back up to 18 months before the date of such court ruling. Except for fraud, the date of insolvency may not be fixed at an earlier date than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings. The date of insolvency marks the beginning of the hardening period (see "*—The "hardening period" (période suspecte) in judicial reorganization and judicial liquidation proceedings*" below).

Court-assisted Proceedings

A French debtor facing difficulties may in certain conditions request the commencement of court-assisted proceedings (*mandat ad hoc* or *conciliation*), the aim of which is to reach an agreement with the debtor's main creditors and stakeholders *e.g.*, an agreement to reduce or reschedule its indebtedness.

Mandat ad hoc proceedings may only be initiated by the debtor itself, in its sole discretion. In practice, *mandat ad hoc* proceedings are used by debtors that are facing any type of difficulties but are not insolvent (see – *"Insolvency Test"* above). The proceedings are informal and confidential by law (save for the disclosure of the order of the President of the court appointing the *mandataire ad hoc* to the statutory auditors, if any). They are carried out under the aegis of a court-appointed officer (*mandataire ad hoc*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings are not limited in time. The duties of the *mandataire ad hoc* are determined by the competent court (usually the commercial court) that appoints him or her, usually to facilitate negotiations with creditors. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. *Mandat ad hoc* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so for their duration. In any event, the debtor retains the right to petition the relevant judge for a grace period under Article 1343-5 of the French Civil Code (see "—*Grace Periods*" above). The agreement reached is reported to the president of the court but is not formally approved by it.

Conciliation proceedings may only be initiated by the debtor itself if it faces actual or foreseeable difficulties of a legal, economic or financial nature and is not insolvent (see *"—Insolvency Test"* above) or has not been insolvent for more than 45 calendar days. The proceedings are confidential by law (save for the disclosure of the court decision commencing the proceedings to the statutory auditors, if any). They are carried out under the aegis of a court-appointed conciliator (*conciliateur*), whose name may be suggested by the debtor itself, under the supervision of the president of the court. The proceedings may last up to five months (after an initial period of a maximum of four months, upon request of the conciliator*,* the court may extend the conciliation period up to the absolute maximum of five months). In case the debtor intends to have the conciliation agreement approved (*homologué*) or acknowledged (*constaté*), its request must be filed by the end of this five-month period, even though the hearing can take place afterwards, in which case the conciliation period will be extended until the decision of the president of the court or the court itself. The duties of the *conciliateur* are to assist the debtor in negotiating an agreement with all or part of its creditors and/or trade partners that puts an end to its difficulties, *e.g.*, providing for the restructuring of its indebtedness. Any agreement between the debtor and its creditors will be negotiated on a purely consensual and voluntary basis: those creditors not willing to take part cannot be bound by the agreement nor forced to accept it. *Conciliation* proceedings do not automatically stay any pending proceedings and creditors are not barred from taking legal action against the debtor to recover their claims but those that have accepted to take part in the proceedings usually accept not to do so, and creditors may not request the opening of insolvency proceedings (*redressement judiciaire* or *liquidation judiciaire*) against the debtor, for the duration of the conciliation proceedings. Pursuant to article L. 611-7 of the French Commercial Code, during the proceedings, the debtor retains the right to petition the judge that commenced them for a grace period in accordance with Article 1343-5 of the French Civil Code (see "—*Grace Periods*" above) *provided that* a creditor has formally put the debtor on notice to pay, or is suing for payment; the judge will take its decision after having heard the conciliator and may condition the duration of the measures it orders to reaching an agreement in the conciliation proceedings.

Additionally, pursuant to Article L. 611-10-1 of the French Commercial Code, the judge having commenced conciliation proceedings may, during the execution period of a conciliation agreement (whether it is acknowledged or approved as described below), impose grace periods on creditors who were asked to participate in the conciliation proceedings (other than the tax and social security administrations) and have formally put the debtor on notice to pay or are suing for payment of claims that were not dealt with in the conciliation agreement, such decision being taken after hearing the *conciliateur* if he/she has been appointed to monitor the implementation of the agreement and taking into account the conditions in respect of the execution of the conciliation agreement.

The conciliation agreement reached between the parties may be acknowledged (*constaté*) by the president of the Commercial Court at the request of the parties, which makes the agreement binding upon them (in particular, performance of the conciliation agreement prevents any action by the creditors party thereto against the debtor to obtain payment of claims governed by the conciliation agreement) and enforceable without further recourse to a judge (*force exécutoire)*, but the conciliation proceedings remain confidential.

Alternatively, the conciliation agreement may be approved (*homologué*) by the Commercial Court at the request of the debtor following a hearing held for that purpose to which the social and economic committee (previously known as works council) or employee representatives, as the case may be, must be convened if (i) the debtor is not insolvent or the conciliation agreement has the effect of putting an end to the debtor's insolvency, (ii) the conciliation agreement effectively ensures that the company will survive as a going concern and (iii) the conciliation agreement does not impair the rights of the non-signatory creditors. Such approval will have the same effect as its acknowledgement (*constatation*) as described above and, in addition:

- the decision of approval by the relevant Civil or Commercial Court, which should only disclose the existence of the proceedings, the amount of any New Money Lien (see below) and the guarantees and security interests granted to secure the performance of the conciliation agreement, will be public but the agreement itself should otherwise remain confidential except vis-à-vis the social and economic committee or employee representatives that are informed of the content of the conciliation agreement and may have access to the full conciliation agreement at the clerk's office (*greffe*) of the Court;

- creditors that, in the context of the conciliation proceedings, provide new money, goods or services designed to ensure the continuation of the business of the debtor (other than shareholders providing new equity in the context of a capital increase) will enjoy a priority of payment over all pre-commencement and post-commencement claims (except with respect to certain pre-commencement employment claims and procedural costs) (the "**New Money Lien**"), in the event of subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings;

- in the event of subsequent safeguard, accelerated safeguard, accelerated financial safeguard or judicial reorganization proceedings, the claims benefiting from the New Money Lien may not, without their holders' consent, be written off and their payment date may not be rescheduled to a date later than the date on which the safeguard or reorganization plan is adopted, not even by the creditors' committees (the powers of the bondholders general meeting in this respect are the subject of debate);

- when the debtor is submitted to statutory auditing, the conciliation agreement is communicated to its statutory auditors; and

- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of insolvency (see "*—Insolvency Test*" above), and therefore the starting date of the hardening period (as defined below see "*—The "hardening period (période suspecte) in judicial reorganization and liquidation proceedings*"), cannot be set by the court as of a date earlier than the date of the final decision approving (*homologation*) the agreement by the court (except in case of fraud).

Whether the conciliation agreement is acknowledged or approved, the court may, at the request of the debtor, appoint the *conciliateur* to monitor the implementation of the agreement (*mandataire à l'exécution de l'accord*) during its execution and, while the agreement is in force:

- interest accruing on the claims that are the subject to the conciliation agreement may not be compounded;

- the debtor retains the right to petition the judge that commenced the conciliation proceedings for a grace period in accordance with Article L. 611-10-1 of the French Commercial Code as explained above; and

- joint debtors or a third party that had previously granted credit support (a guarantee or security interest) with respect to the debtor's obligations may benefit from the provisions of the conciliation agreement as well as from grace periods granted to the debtor in the context of conciliation proceedings.

If the debtor breaches the terms of the conciliation agreement, any party to it may petition the president of the court or the court (depending on whether the agreement was acknowledged or approved) for its termination. If such termination is granted, grace periods granted in relation to the conciliation proceedings may be revoked. Conversely, provided the conciliation agreement is duly performed, any individual proceedings by creditors with respect to obtaining payment of the claims dealt with by the conciliation agreement are suspended and/or prohibited. The commencement of subsequent safeguard or insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will recover their claims (decreased by the payments already received) and pre-existing security interests or guarantees.

Conciliation proceedings in which a draft plan is supported by a large majority of creditors that is likely to meet the threshold requirements for creditors' consent in safeguard is a mandatory preliminary step of accelerated safeguard proceedings or accelerated financial safeguard proceedings, as described below.

At the request of the debtor and after the creditors taking part in the proceedings have been consulted on the matter, *mandat ad hoc* and conciliation proceedings may also be used to organize the partial or total sale of the debtor, in particular through a "plan for the disposal of the business" (*plan de cession*) that could be implemented in the context of subsequent safeguard, judicial reorganization or liquidation proceedings. *Provided that* they comply with certain requirements, any offers received in this context by the *mandataire ad hoc* or the conciliateur may be directly considered by the court in the context of safeguard, judicial reorganization or judicial liquidation proceedings after consultation of the State prosecutor.

As a matter of law, any contractual provision that (i) modifies the conditions for the continuation of an ongoing contract by reducing the debtors' rights or increasing its obligations simply by reason of the designation of a *mandataire ad hoc* or of the commencement of conciliation proceedings or of a request submitted to this end or (ii) requires the debtor to bear, by reason only of the appointment of a *mandataire ad hoc* or of the commencement of conciliation proceedings, more than three-quarters of the fees of the professional advisers retained by creditors in connection with these proceedings, is deemed null and void.

Where the maximum time period allotted to court-assisted proceedings expires without an agreement being reached, the proceedings will end. The termination of such proceedings does not, in and of itself entail any specific legal consequences for the debtor, in particular it does not result in the automatic commencement of insolvency proceedings. New conciliation proceedings cannot be commenced before 3 months have elapsed as from the end of the previous ones.

Due to the COVID-19 epidemic and state of health emergency that was imposed by the French government, Ordinance n°2020-596 dated May 20, 2020 and Ordinance n°2020-1443 dated November 25, 2020, have modified conciliation proceedings to provide that:

(1) With respect to proceedings commenced within the period of time between 24 August 2020 and 31 December 2021 (included), upon request of the *conciliateur*, the president of the court may extend, one or several times, the conciliation period up to the absolute maximum of ten months;

(2) until December 31, 2021, if a creditor does not accept, by the deadline set by the conciliator, a request made by the conciliator to suspend payment of his claim for the duration of the conciliation proceedings, the debtor may request from the President of the Commercial Court in ex-parte proceedings, for the duration of the conciliation proceedings:

- the stay or prohibition of any legal action for payment or for termination of a contract for a payment default;
- the stay or prohibition of any judicial enforcement measure against the debtor's movable or immovable property as well as any judicial procedure relating to the distribution of the debtor's assets that would not have become final; or
- the deferral or rescheduling of the creditor's claim.

In addition, the debtor may petition the judge that commenced conciliation proceedings for a grace period in accordance with Article 1343-5 of the French Civil Code (see "*—France—Grace periods*" above) even before the creditor sends any notice to pay or initiates any suit for payment if a creditor does not accept, by the deadline set by the conciliator, a request made by the conciliator to suspend payment of his claim for the duration of the conciliation.

Court-administered Proceedings—Safeguard

A debtor that experiences difficulties that it is not able to overcome may, in its sole discretion, initiate safeguard proceedings (*procédure de sauvegarde*) with respect to itself, *provided that* it is not insolvent (see "—*Insolvency Test*" above). Creditors of the debtor are not notified of, nor invited to attend the hearing before the court at which the commencement of safeguard proceedings is requested. Following the commencement of safeguard proceedings, a court-appointed administrator (*administrateur judiciaire*) is appointed (except for small companies where the court considers that such appointment is not necessary) to investigate the business of the debtor during an "observation period" (being the period starting on the date of the court decision commencing the proceedings and ending on the date on which the court takes a decision on the outcome of the proceedings), which may last up to 18 months. The role of the court-appointed administrator is also to assist the debtor in preparing a draft safeguard plan (*projet de plan de sauvegarde*) that it will circularize to its creditors. Creditors do not have effective control over the proceedings, which remain in the hands of the debtor assisted by the court-appointed administrator. The court-appointed administrator will, in accordance with the terms of the judgment appointing him or her, exercise *ex post facto* control over decisions made by the debtor (*mission de surveillance*) or assist the debtor to make all or some of the management decisions (*mission d'assistance*), all under the supervision of the court.

If, after commencement of the proceedings, it appears that the debtor was insolvent (*en état de cessation des paiements*) before their commencement, at the request of the debtor, the administrator, the creditors' representative or the Public Prosecutor but, in any event, after having heard the debtor, the court may convert the safeguard proceedings into judicial reorganization proceedings.

In addition, the court may convert safeguard proceedings into (i) judicial reorganization proceedings (a) at any time during the observation period if the debtor is insolvent or (b) if the approval of a safeguard plan is manifestly impossible and if the company would shortly become insolvent should safeguard proceedings end (including in case no plan has been adopted by the relevant creditors committee and, if any, the bondholders general meeting (as described below)), or (ii) judicial liquidation proceedings at any time during the observation period if the debtor is insolvent and its recovery is manifestly impossible. In all such cases, the court may decide at the request of one or more, depending on the case, of the debtor, the court-appointed administrator, the creditors' representative or the Public Prosecutor or upon its own initiative and the court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the State prosecutor and the workers' representatives (if any).

As soon as safeguard proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

Due to the COVID-19 epidemic and state of health emergency that was imposed by the French government, Ordinance n° 2020-596 dated May 20, 2020, modified safeguard proceedings to provide that:

- as an incentive for new financings granted to debtors in the context of safeguard or reorganization proceedings, Ordinance n° 2020-596 dated May 20, 2020 provides for a new safeguard or reorganization privilege (the "S/R Lien"), applicable exclusively to proceedings commenced between May 21, 2020 and the earlier of the date of implementation of EU Restructuring Directive and July 17, 2021. The S/R Privilege is distinct from the existing statutory preference enjoyed by financing granted, with the approval of the bankruptcy judge, after commencement of the proceedings, for the needs of the proceedings or of the observation period.
- The S/R Lien applies to all new cash contributions made, with the exception of those made through a share capital increase, by any person:
  - during the observation period, in order to ensure the continuity of debtor's business and its sustainability, in which case such cash contributions must be authorized by the bankruptcy judge, or
  - for the implementation of the safeguard or reorganization plan, i.e., within the plan as approved or modified by the court, and for the purposes of its execution, it being specified that the decision endorsing or modifying the plan must mention all claims benefiting from the lien, as well as the relevant amounts.
- Claims benefiting from the S/R Lien enjoy a priority of payment over pre-commencement and post-commencement claims except with respect to (i) wages claims benefitting from the employees' super-priority lien, (ii) procedural costs, (iii) claims benefitting from a New Money Lien, (iv) pre-petition claims secured by a real estate security interest (in judicial liquidation proceedings only) and (v) post-petition wages claims not advanced by the French wages guarantee fund in the event of

on-going or subsequent safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings.

- Such claims may not be termed-out or written-off without the consent of the relevant creditors.

During the safeguard proceedings, payment by the debtor of any debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor, is prohibited, subject to very limited exceptions. For example, the court can authorize payments for prior debts in order to discharge a lien on property needed for the continued operation of the debtor's business or to recover goods or rights transferred as collateral in a fiduciary estate (*patrimoine fiduciaire*).

Creditors must be consulted on the manner in which the debtor's liabilities will be settled under the safeguard plan (debt write-offs, payment terms or debt-for-equity-swaps) prior to the plan being approved by the court. The rules governing consultation will vary depending on the size of the business.

<u>*Standard consultation*</u>: this applies in respect of debtors for which the constitution of creditors' committees is not mandatory (as described below) unless, upon their or the administrator's request and with the consent of the bankruptcy judge, they are subject to the committee-based consultation (see below).

In such case, the administrator notifies the proposals for the settlement of debts to the court-appointed creditors' representative, who seeks the agreement of each creditor who filed a claim, regarding the proposed debt settlement provided under the draft plan. Creditors are consulted individually or collectively.

French law does not state whether the debt settlement proposals can vary according to the creditor and whether the principle of equal treatment of creditors is applicable at this consultation stage. According to legal commentaries and established practice, differing treatment as between creditors is possible, *provided that* it is justified by the difference in situation of the creditors and approved by the court-appointed creditors' representative. In practice, it is also possible at the consultation stage to make a proposal for a partial payment of claims over a shorter time period instead of a full payment of such claims over the length of the plan (ten years maximum except for agricultural businesses where the maximum is fifteen years).

Creditors whose payment terms are not affected by the plan or who are paid in cash in full as soon as the plan is approved are not required to be consulted.

Creditors that do not respond within 30 days of their receipt of the debt settlement proposal (other than debt-for-equity-swap proposals which require the agreement of each individual creditor in writing) made to them are deemed to have accepted it. The creditors' representative keeps a list of the responses from creditors, which is notified to the debtor, the court-appointed administrator and the controllers.

Within the framework of a standard consultation, the court that approves the safeguard plan (*plan de sauvegarde*) can impose a uniform rescheduling of the claims of creditors having refused the proposals that were submitted to them (subject to specific regimes such as the one applicable to claims benefiting from the New Money Lien or the S/R Lien) over a maximum period of ten years (except for agricultural businesses where the maximum is fifteen years and for claims with maturity dates of more than the deferral period set by the court, in which case the maturity date shall remain the same), but no write-off of any claim or debt-for-equity swap may be imposed without the relevant creditor's individual acceptance.

Following a court imposed rescheduling, the first payment must be made within a year of the judgment adopting the plan (in the third and subsequent years, the amount of each annual instalment must be of at least 5% of the amount of each debt claim (except for agricultural businesses)) or on the first payment date following the initial maturity of the claim if it is later than the first payment date provided for by the plan, in which case the amount of such first payment is equal to what the creditor would have received had he been paid in accordance with the uniform payment rescheduling applying to the other creditors.

<u>*Committee-based consultation*</u>: This applies to large companies, whose accounts are certified by a statutory auditor (*commissaire aux comptes)* or established by a chartered-accountant (*expert-comptable)* and with more than 150 employees or a turnover greater than €20 million, or upon the debtor's or the administrator's request and with the consent of the supervising judge in the case of debtors that do not meet the aforementioned thresholds.

The consultation involves the submission of a proposed safeguard plan for consideration by two creditors committees that are established by the court-appointed administrator on the basis of the claims that arose prior to the judgment commencing the proceedings:

- one for credit institutions or assimilated institutions and entities having granted credit or advances in favor of the debtor (or their successors or assignees of a claim acquired from a supplier) (the "credit institutions committee"); and
- the other one for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers and other suppliers invited to participate in such committee by the court-appointed administrator (the "major suppliers committee").

If there are any outstanding debt securities in the form of *obligations* (such as bonds or notes and including capital market debt instruments such as the Notes), a single general meeting of all holders of such debt securities will be established (the "bondholders general meeting"), in which all such holders are to take part irrespective of whether or not there are different issuances or of the governing law(s) of those *obligations*.

As a general matter, only the legal owner of the debt claim will be invited onto the committee or general meeting. Accordingly, a person holding only an economic interest therein will not itself be a member of the committee or general meeting.

The proposed plan:

- must "take into account" subordination agreements entered into by the creditors before the commencement of the proceedings;
- may treat creditors differently if it is justified by their differences in situation; and
- may, *inter alia*, include a rescheduling or cancellation of debts (subject to the specific regime of claims benefiting from the New Money Lien or the S/R Lien), and/or debt-for-equity swaps (debt-for-equity swaps requiring the relevant shareholder consent).

If the plan provides for a share capital increase, the shareholders may subscribe to such share capital increase by way of a set-off against their claims against the debtor (as reduced according to the provisions of the plan, where applicable).

Creditors that are members of the credit institutions committee or of the major suppliers committee may also prepare alternative safeguard plans in accordance with the above principles that will also be put to the vote of the committees and of the general bondholders meeting, it being specified that approval of any such alternative plan is subject to the same two-thirds majority vote in each committee and in the bondholders general meeting and gives rise to a report by the court-appointed administrator (*administrateur judiciaire*). Bondholders are not permitted to present their own alternative plan.

The committees must approve or reject the safeguard plan within 20 to 30 days of its submission. The period may be extended or shortened by the supervising judge at the request of the debtor or the judicial administrator, but may never be shorter than 15 days. The plan must be approved by a majority vote of each committee (two-thirds of the outstanding claims of the creditors casting a vote).

Each member of a creditors committee or of the bondholders general meeting must, if applicable, inform the court-appointed administrator of the existence of any agreement relating to (i) the exercise of its vote or (ii) the full or total payment of its claim by a third party as well as of any subordination agreement. The court-appointed administrator shall then submit to such person a proposal for the computation of its voting rights in the creditors committee/bondholders general meeting. In the event of disagreement, the matter may be ruled upon by the president of the Commercial Court in summary proceedings at the request of the creditor or of the court-appointed administrator.

The amounts of claims secured by a trust (*fiducie*) granted by the debtor do not give rise to voting rights. In addition, creditors whose repayment schedule is not modified by the plan, or for which the plan provides for a payment of their claims in cash in full as soon as the plan is adopted or as soon as their claims are admitted, do not need to be consulted on the plan nor take part in the vote.

Following the approval of the plan by the two creditors' committees, the plan will be submitted for approval to the bondholders general meeting at the same two-thirds majority vote. Following approval by the creditors' committees and the bondholders general meeting, and determination of the rescheduling of the claims of creditors that are not members of the committees or bondholders' general meeting in accordance with the standard consultation process referred to above, the plan has to be approved (*arrêté*) by the court. The court must verify that the interests of all creditors are "sufficiently protected" and that required shareholder consent (if applicable) has been obtained. Once so approved by the relevant court, the safeguard plan will be binding on all the members of the committees and all bondholders (including those who did not vote or voted against the adoption of the plan).

If the debtor's proposed plan is not approved by both committees and the bondholders general meeting within the first six months of the observation period (either because they do not vote on the plan or because they reject it), this six month period may be extended by the court at the request of the court-appointed administrator for a period not exceeding the duration of the observation period, in order for the plan to be approved through the committee-based consultation process. Absent such extension, the court can still adopt a safeguard plan within the time remaining until the end of the observation period. In such a case, the rules are the same as the ones applicable for the standard consultation process described above.

If the draft plan provides for a modification of the share capital or the by-laws, the court may decide that the shareholders general meeting and, as the case may be, the general meetings of the holders of securities giving access to the share capital of the company shall vote, the first time the relevant meeting is convened, at a simple majority of the votes of the shareholders attending, or represented at, the meeting, *provided that* they hold at least half of the shares with voting rights. The second time the meeting is convened, the usual provisions relating to quorum and majority shall apply.

If the court adopts a safeguard plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent.

If no proposed safeguard plan whatsoever is adopted by the committees and, if applicable, the general bondholders meeting, at the request of the debtor, the court-appointed administrator, the *mandataire judiciaire* or the State prosecutor, the court may convert the safeguard proceedings into judicial reorganization proceedings if it appears that the adoption of a safeguard plan is impossible and if the end of the safeguard proceedings would certainly lead to the debtor shortly becoming insolvent.

Specific case - Creditors that are public institutions: public creditors (financial administrations, social security and unemployment insurance organizations) may agree to grant debt write-offs under conditions that are similar to those that would be granted under normal market conditions by a private economic operator placed in a similar position. Public creditors may also decide to enter into subordination agreements for liens or mortgages, or relinquish these security interests. Public creditors examine possible debt write-offs within the framework of a local administrative committee (*Commission des Chefs de Services Financiers*). The tax administrations may grant relief from all direct taxes. As regards indirect taxes, relief may only be granted from default interest, adjustments, penalties or fines.

Due to the COVID-19 pandemic and state of health emergency that was imposed by the French government, Ordinance n° 2020-341 of 27 March 2020, Ordinance n° 2020-596 dated 20 May 2020 and Ordinance n°2020-1443 dated 25 November 2020 have amended safeguard and judicial reorganization proceedings as follows:

1. Until 31 December 2021 (included), on the basis of the certificate drawn up by a certified accountant or the statutory auditor, liabilities to be taken into account in the draft plan shall include those claims admitted and not challenged as well as those "identifiable" claims (in particular when the deadline for filing proofs of claim has not expired yet):
    - This includes liabilities foreseeable and reasonably likely to enable the Court to assess the seriousness of the plan (which requires that the debtor's accounts be accurate, and that identifiable claims be taken into account, such as those of the French wages guarantee fund);
    - This implies a temporary exception to the principle (established in case law) according to which the plan must be drawn up in consideration of the filed claims (even if they are challenged);
2. Until 31 December 2021 (included), upon request of the judicial administrator (if appointed) or the *mandataire judiciaire*, the bankruptcy judge may shorten the deadline for individual consultation of the creditors from 30 to 15 days.
3. Until 31 December 2021 (included), proposals for the settlement of liabilities included in the plan and any responses to these proposals may be notified by any means allowing the creditor's representative to establish with certainty the date of their receipt, both in the context of the individual consultation of creditors and the consultation of bondholders within the framework of the bondholder's general meeting (it is unclear whether this way of notification also apply to credit and credit institutions or assimilated institutions' committee and main suppliers' committee).
4. The duration of Safeguard and reorganization plans has been amended as follows:
    (i) Between 24 August 2020 (included) and 23 February 2021 (included): extension by the Court of ongoing plans for a maximum period of one year, upon request of the court-appointed trustee

in charge of supervising the execution of the plan or the public prosecutor. This extension is only available to plans adopted outside the framework of creditors' committees.

(ii) Until 31 December 2021 (included): in addition to (i): extension for a further two-year period upon request of the public prosecutor or the court-appointed trustee in charge of supervising the execution of the plan.

(iii) Until 31 December 2021 (included): in case of substantial modification of the plan, its duration is extended to a maximum period of 12 years.

With respect to (i) to (ii), it should be specified that these extensions do not require to go through the process of the substantial modification of the plan (*modification substantielle du plan*).

With respect to (i) to (ii), adaptation of the payment instalment deadlines initially set by the president of the Court or the Court to the duration of the plan so extended, with possible deviation from the obligation to pay an annual instalment of 5% minimum as from year 3 and application of grace periods provisions (see above "*Grace Periods*") within the limit of the new term of the plan so extended.

5. Until 31 December 2021 (included), as part of a substantial modification of the plan process, where the modification is relating to the plan's repayment terms and conditions, those creditors failing to reply to the registered letter provided for in Article R. 626-45 of the French commercial code will be deemed to have accepted the proposed modifications, except in case of debt write-offs or conversions into shares that give or may give access to share capital.

   Where creditors are consulted within the framework of creditors' committees, the procedures for consultation of the committees continue to apply.

Court-administered Proceedings—Accelerated Safeguard and Accelerated Financial Safeguard

A debtor that is engaged in conciliation proceedings may request the commencement of accelerated safeguard proceedings (*procédure de sauvegarde accélérée*) or accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*).

The accelerated safeguard proceedings and accelerated financial safeguard proceedings have been designed to "fast-track" difficulties faced by large companies, *i.e.*, those:

- that publish consolidated accounts in accordance with Article L. 233-16 of the French Commercial Code; or
- whose accounts are certified by a statutory auditor or established by a certified public accountant and who have (i) more than 20 employees or (ii) a turnover greater than €3 million (excluding VAT) or (iii) whose total balance sheet exceeds €1.5 million.

However, Ordinance n° 2020-596 dated May 20; 2020 provides that these thresholds will no longer be required for proceedings commenced between May 21, 2020 and the earlier of the date of implementation of the EU Restructuring Directive and July 17, 2021.

If the debtor does not meet the conditions that require creditors' committees (see above) to be constituted, the court shall authorize such constitution in the opening decision.

To be eligible to accelerated safeguard proceedings or accelerated financial safeguard proceedings, the debtor must fulfil the following conditions:

- the debtor must not have been insolvent for more than 45 days when it initially applies for commencement of conciliation proceedings;
- the debtor must be subject to ongoing conciliation proceedings when it applies for the commencement of the proceedings;
- as is the case for regular safeguard proceedings, the debtor must face difficulties that it is not in a position to overcome; and
- the debtor must have prepared a draft safeguard plan ensuring the continuation of its business as a going concern that is supported by enough of its creditors involved in the proceedings to render likely its adoption by the relevant committees (credit institutions' committee only for financial accelerated safeguard proceedings) and bondholders general meeting, if any, within a maximum of three months following the commencement of accelerated safeguard proceedings, or within a

maximum of two months following the commencement of accelerated financial safeguard proceedings.

While accelerated safeguard proceedings apply to all creditors (except employees), accelerated financial safeguard proceedings apply only to "financial creditors" (*i.e.*, creditors that belong to the credit institutions committee and bondholders general meeting), the payment of whose debt is suspended until adoption of a plan through accelerated financial safeguard proceedings. The debtor will be prohibited from paying, to any creditor to whom the accelerated safeguard or accelerated financial safeguard proceedings (as the case may be) apply, any amounts (including interest) in respect of debts incurred (i) prior to the commencement of the proceedings or (ii) after the commencement of the proceedings if not incurred for the purposes of the proceedings or the observation period or in consideration of services rendered/goods delivered to the debtor (post-commencement non-privileged debts). Such amounts may be paid only after the judgment of the court approving the safeguard plan and in accordance with its terms. Creditors other than financial creditors (such as public creditors, the tax or social security administration and suppliers) are not directly impacted by accelerated financial safeguard proceedings. Their debts will continue to be due and payable in the ordinary course of business according to their contractual or legal terms.

The regime applicable to standard safeguard proceedings is broadly applicable to accelerated safeguard or accelerated financial safeguard proceedings (for example, creditors will be consulted by way of a committee-based consultation on, as the case may be, a draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) or a draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) and creditors that are members of the credit institutions committee or the major suppliers committee, but not bondholders, may also prepare alternative draft plans as described above (see "*—committee-based consultation*")), to the extent compatible with the accelerated timing, since the maximum duration of accelerated safeguard proceedings is three months and the maximum duration of accelerated financial safeguard proceedings is two months (provided the court has decided to extend the initial one month period). In particular, the creditors committees and the bondholders general meeting are required to vote on the proposed safeguard plan within a minimum period of 15 days of its being notified to them in the case of accelerated safeguard proceedings, or within eight days in the case of accelerated financial safeguard proceedings.

However, certain provisions relating to ongoing contracts and to the recovery of assets by their owners do not apply in accelerated safeguard or accelerated financial safeguard proceedings.

The plan in the context of accelerated safeguard proceedings or accelerated financial safeguard proceedings is adopted following the same majority rules as in the committee-based consultation of standard safeguard proceedings and may notably provide for rescheduling, debt write-offs and conversion of debt into equity capital of the debtor (debt-for-equity swaps requiring relevant shareholder consent). No debt rescheduling or cancellation may be imposed, without their consent, on creditors that do not belong to one of the committees or are not bondholders.

If a plan is not adopted by the creditors and approved by the court within the applicable deadline, the court shall terminate the proceedings. The court cannot reschedule amounts owed to the creditors outside of the committee process. Ordinance n° 2020-596 dated May 20, 2020 provides that for proceedings commenced between May 21, 2020 and the earlier of the date of implementation of the EU Restructuring Directive 2019/1023 dated June 20, 2019 and July 17, 2021, if a plan is not adopted by the creditors and approved by the court within the applicable deadline the debtor, the judicial administrator, the creditors representative or the public prosecutor may request, without any delay, that reorganization or liquidation proceedings (as the case may be) be opened.

The list of claims of creditors party to the conciliation proceedings certified by the statutory auditor shall be deemed to constitute the filing of such claims for the purpose of accelerated safeguard proceedings or, as applicable, accelerated financial safeguard proceedings (see "*—Status of Creditors during Safeguard, Accelerated Safeguard, Accelerated Financial Safeguard, Judicial Reorganization or Judicial Liquidation Proceedings*") unless the creditors otherwise elect to make such a filing (see "*—Status of Creditors during Safeguard, Accelerated Safeguard, Accelerated Financial Safeguard, Judicial Reorganization or Judicial Liquidation Proceedings*").

Court-administered Proceedings—Judicial Reorganization or Liquidation Proceedings

Judicial reorganization (*redressement judiciaire*) or liquidation (*liquidation judiciaire*) proceedings may be initiated against or by a debtor only if it is insolvent and, in the case of liquidation proceedings only, if the debtor's recovery is manifestly impossible. The debtor is required to petition for judicial reorganization or liquidation proceedings, within 45 days of becoming insolvent if it does not file for conciliation proceedings (as discussed above); *de jure* managers (including directors) and, as the case may be, *de facto* managers that would have failed to file such a petition within the deadline are exposed to civil liability.

Where the debtor requested the commencement of judicial reorganization proceedings and the court, after having heard the debtor, considers that judicial liquidation proceedings would be more appropriate, it may order the commencement of the proceedings that it determines to be most appropriate. The same would apply if the debtor requested the commencement of judicial liquidation proceedings and the court considered that judicial reorganization proceedings would be more appropriate. In addition, at any time during the observation period, upon request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), a controller, the State prosecutor or upon its own initiative, the court may convert the judicial reorganization proceedings into judicial liquidation proceedings if it appears that the debtor's recovery is manifestly impossible. The court's decision is only taken after having heard the debtor, the court-appointed administrator, the creditors' representative, the controllers, the State prosecutor and the workers' representatives (if any).

The objectives of judicial reorganization proceedings are the sustainability of the business, the preservation of employment and the payment of creditors, in that order.

As soon as judicial reorganization or judicial liquidation proceedings are commenced, any unpaid amount of share capital of the debtor becomes immediately due and payable.

In the event of judicial reorganization proceedings, an administrator (*administrateur judiciaire*) is usually appointed by the court to investigate the business of the debtor during an observation period, which may last up to 18 months, and make proposals either for the reorganization of the debtor (by elaborating a draft judicial reorganization plan, which is similar to a draft safeguard plan, with the contribution of the debtor), or the sale of the business or the liquidation of the debtor. The court-appointed administrator will assist the debtor in making management decisions (*mission d'assistance*) or may be empowered by the court to take over the management and control of the debtor (*mission d'administration*). Judicial reorganization proceedings broadly take place in a manner that is similar to safeguard proceedings (see above), subject to certain specificities.

In particular, the rules relating to creditor consultation, especially the powers of the court adopting the judicial reorganization plan (*plan de redressement)* in the event of rejection by the creditors of proposals made to them, are the same (see above). At any time during the observation period, the court can, at the request of the debtor, the court-appointed administrator, the creditors' representative (*mandataire judiciaire*), the State prosecutor or at its own initiative, order the partial stop of the activity (*cessation partielle de l'activité*) or order the liquidation of the debtor if its recovery is manifestly impossible. At the end of the observation period, the outcome of the proceedings is decided by the court.

In addition, Ordinance n° 2020-596 dated May 20, 2020 modified the judicial reorganization proceedings to provide for the new S/R Lien (as defined and detailed above see "*—France - Court-administered Proceedings – Safeguard*"). In judicial reorganization proceedings, in case a shareholders' meeting needs to vote to bring the shareholders' equity to a level equal to at least one half of the share capital as required by Article L. 626-3 of the French Commercial Code, the administrator may appoint a trustee (*mandataire de justice*) to convene a shareholders' meeting and to vote the restoration of the shareholders' equity up to the amount proposed by the judicial administrator on behalf of the shareholders that refuse to vote in favor of such a resolution if the draft restructuring plan provides for a modification of the equity to the benefit of a third party(ies) undertaking to comply with the reorganization plan.

If the proposed reorganization plans are manifestly not likely to ensure that the debtor will recover or if no reorganization plan is proposed, the court, upon the request of the court-appointed administrator, can order the total or partial transfer of the business in accordance with the process for a sale of the business described below.

In judicial reorganization proceedings if (i) the company has at least 150 employees, or if it controls (within the meaning of the French Labor Code) one or more companies having together at least 150 employees, (ii) the disappearance of the company is likely to cause serious harm to the national or regional economy and to local employment and (iii) the modification of the company's share capital appears to be the only credible way to avoid harm to the national or regional economy and to allow the continued operation of the business as a going concern, then, at the request of the court-appointed administrator or of the State prosecutor (x) after the review of the options for a total or partial sale of the business and (y) if at least 3 months have elapsed as from the court decision commencing the proceedings, *provided that* the shareholders meetings required to approve the modification of the company's share capital required for adoption of the reorganization plan have refused such modification, the insolvency court may either:

- appoint a court officer (*mandataire*) in order to convene the shareholders meeting and vote the share capital increase in lieu of the shareholders having refused to do so, up to the amount provided for in the reorganization plan; or
- order, in favor of the persons who have undertaken to perform the reorganization plan, the sale of all or part of the share capital held by the shareholders having refused the share capital modification and holding, directly or indirectly a portion of the share capital providing them with a majority of the voting rights (including as a result of an agreement with other shareholders) or a blocking minority in the company's shareholder meetings, any consent clause being deemed unwritten; the other shareholders have the right to withdraw from the company and request that their shares be purchased simultaneously by the transferees.

In the event of a sale ordered by the court, the price of the shares shall, failing agreement between the parties, be set by an expert designated by the court in summary proceedings.

In either of the above cases, the reorganization plan shall be subject to the undertaking of the new shareholders to hold their shares for a certain time period set by the court that may not exceed the duration of the reorganization plan.

If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator, which is generally the former creditors' representative (*mandataire judiciaire*). There is no observation period in judicial liquidation proceedings nor does the law limit their duration (except with respect to simplified judicial liquidation proceedings). The liquidator is vested with the power to represent the debtor and perform the liquidation operations (mainly liquidate the assets and settle the liabilities to the extent the proceeds from the liquidated assets are sufficient, in accordance with the creditors' priority order of payment). The liquidator will take over the management and control of the debtor and the managers of the debtor are no longer in charge of its management.

Concerning the liquidation of the assets of the debtor, there are two possible outcomes:

- a sale of the business (*cession d'entreprise*) (in which case a court-appointed administrator (*administrateur judiciaire*) will usually be appointed, or remain in office if already appointed, to manage the debtor during a temporary period of continuation of the business operations ordered by the court (three months, renewable once) (during which the rules of the observation period will generally apply) and organize such sale of the business as a going-concern via an asset sale, a.k.a. a "sale plan" (*plan de cession*)), any third party (as construed under French insolvency law) being entitled to present a bid on all or part of the debtor's business;

  As part of the bids submitted to the court, the third-party purchasers can, under certain conditions, cherry-pick assets (including the real estate assets)/jobs/contracts without the liabilities pertaining to them (save exceptions). The price offered for the transferred assets (including the real estate assets) is offered at a significant discount compared to their *in bonis* market value. The court will tend to favor a credible sale plan, that ensures the sustainability of the business as a going concern, and the preservation of jobs, over the payment of creditors.

  Subject to certain exceptions, the court can judicially impose such a sale plan on creditors, including secured creditors and mortgagees as a general principle, the payment of the purchase price operating to release their security interests. By way of exception:

  - a purchaser is obliged to continue to pay remaining instalments due to creditors having granted financing for the acquisition of assets acting as collateral for such creditors and included in the sale of the business plan; and
  - only those secured creditors benefitting from a retention right (which is the case for pledges over inventory or certain types of the pledges over shares, but not mortgagees of real estate assets) would be entitled to retain their security interest over the asset on which they have such right (and therefore in practice prevent it from being transferred) until repaid in full of their claim so secured or unless reaching an agreement with the relevant parties.

  Third-party purchasers may also submit combined bids in respect of all or part of the business of several debtors subject to insolvency proceedings, in particular when the key assets are located in different legal entities subject to insolvency proceedings. Again, the price offered for the transferred assets could be significantly less than their *in bonis* market value;

- a sale of the individual assets of the debtor, in which case the liquidator may decide to:

- launch auction sales (*vente aux enchères* (or *adjudication amiable* for real estate assets only));
- sell on an amicable basis (*vente de gré à gré*) each asset for which spontaneous purchase offers have been received, (the formal authorization of the bankruptcy judge being necessary to conclude the sale agreement with the bidder); or
- request, under the supervision of the bankruptcy judge, all potential interested purchasers to bid on each asset, as the case may be, by way of a private competitive process whereby the bidders submit their offers only at the hearing without the proposed prices being disclosed before such hearing (*procédure des plis cachetés*). However, the possibility to implement such process is questioned by certain legal authors and case-law in this respect has varied.

If the court adopts a reorganization or sale plan, it can set a time-period during which the assets that it deems to be essential to the continuation of the business of the debtor may not be sold without its consent.

The court will end the proceedings when either no due liabilities remain, the liquidator has sufficient funds to pay off the creditors (*extinction du passif*), or continuation of the liquidation process becomes impossible due to insufficiency of assets (*insuffisance d'actif*).

The court may also terminate the proceedings:

- when the interest of the continuation of the liquidation process is disproportionate compared to the difficulty of selling the assets;
- in the event where there are insufficient funds to pay off the creditors, by appointing a *mandataire* in charge of continuing ongoing lawsuits and allocating the amounts received from these lawsuits between the remaining creditors.

The "hardening period" (période suspecte) in judicial reorganization and judicial liquidation proceedings

The date of insolvency (*cessation des paiements*) of a debtor is deemed to be the date of the court order commencing the proceedings, unless the court sets an earlier date, which may be no earlier than 18 months before the date of such court order. Also, except in the case of fraud, the insolvency date may not be set at a date earlier than the date of the final court decision that approved an agreement (*homologation*) in the context of conciliation proceedings (see above). The insolvency date is important because it marks the beginning of the hardening period (*période suspecte*), being the period from the insolvency date of the debtor to the court decision commencing the judicial reorganization or liquidation proceedings affecting it.

Certain transactions entered into during the hardening period are automatically void or voidable by the court.

- Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration or for a nominal consideration, contracts under which the obligations of the debtor significantly exceed the reciprocal obligations of the other party, payments of debts not due at the time of payment, payments of debts that are due made in a manner that is not commonly used in the ordinary course of business, deposits of cash or monetary instruments ordered by a court decision that has not yet become final to serve as guarantee or as a precautionary measure in accordance with article 2350 of the French Civil Code, security granted for debts previously incurred, provisional attachment or seizure measures (*mesures conservatoires*) (unless the attachment or seizure predates the date of insolvency), operations relating to stock options, the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as security for a debt simultaneously incurred), any amendment to a trust arrangement (*fiducie*) that affects assets or rights already transferred in the trust as security for debt incurred prior to such amendment, and notarized declarations of exemption of assets from seizure (*déclaration d'insaisissabilité*) pursuant to article L. 526-1 of the French Commercial Code.
- Transactions that are voidable by the court include payments made on debts that are due, transactions for consideration and notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions made during the hardening period, in each case if the court determines that the party dealing with the debtor knew that the debtor was insolvent at the relevant time. Transactions relating to the transfer of assets for no consideration are also voidable when entered into during the six-month period prior to the beginning of the hardening period. Unlike automatically void transactions, which must be set aside by the court if so requested, the court has discretion to decide whether or not it is appropriate to set aside transactions that are only "voidable".

There is, in theory, no hardening period prior to the opening of safeguard proceedings, accelerated safeguard or accelerated financial safeguard proceedings (assuming the proceedings are successful).

Status of Creditors during Safeguard, Accelerated Safeguard, Accelerated Financial Safeguard, Judicial Reorganization or Judicial Liquidation Proceedings

Contractual provisions pursuant to which the commencement of the proceedings triggers the acceleration of the debt (except with respect to judicial liquidation proceedings in which the court does not order the continued operation of the business) or the termination or cancellation of an ongoing contract are not enforceable against the debtor. Nor are "*contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the rights or increasing the obligations of the debtor solely upon the opening of judicial reorganization proceedings"* (in accordance with a decision of the French Supreme Court dated January 14, 2014, n° 12-22.909, which case law is likely to be extended to safeguard, accelerated safeguard or accelerated financial safeguard proceedings). However, the court-appointed administrator can unilaterally decide to terminate ongoing contracts (*contrats en cours*) that it believes the debtor will not be able to continue to perform. Conversely, the court-appointed administrator can require that other parties to a contract continue to perform their obligations even though the debtor may have been in default (including in payment default), but on the condition that the debtor fully performs its post-commencement contractual obligations (and *provided that*, in the case of judicial reorganization or judicial liquidation proceedings, absent consent to other terms of payment, the debtor pays cash on delivery). The commencement of liquidation proceedings, however, automatically accelerates the maturity of all of a debtor's obligations unless the court orders the continued operation of the business with a view to the adoption of a sale plan (*plan de cession*) as described above (which it may do for a period of three months, renewable once); in such case, the acceleration of the obligations will only occur on the date of the court decision adopting the sale plan (*plan de cession*), as described above, or on the date on which the continued operation of the business ends.

As from the court decision commencing the proceedings:

- accrual of interest is suspended, except in respect of loans for a term of at least one year, or of contracts providing for a payment that is deferred by at least one year (however, accrued interest can no longer be compounded);
- the debtor is prohibited from paying debts incurred prior to the commencement of the proceedings, subject to specified exceptions (which essentially cover the set-off of related (*connexes*) debts and payments authorized by the insolvency judge (*juge commissaire*) to recover assets required by the continued operation of the business);
- the debtor is prohibited from paying debts having arisen after the commencement of the proceedings unless they were incurred for the purposes of the proceedings or of the observation period or in consideration of services rendered/goods provided to the debtor;
- debts duly arising after the commencement of the proceedings and that were incurred for the purposes of the proceedings or of the observation period, or in consideration of services rendered/goods provided to the debtor during this period, must be paid as and when they fall due and, if not, will be given priority over debts incurred prior to the commencement of the proceedings (with certain limited exceptions, such as claims secured by a New Money Lien), *provided that* they are duly brought to the attention of the judicial administrator or, failing one, the *mandataire judiciaire*, or, should they both have ceased to be in office, the plan commissioner or the judicial liquidator within one year of the end of the observation period;
- creditors (only financial creditors in the case of accelerated financial safeguard proceedings) may not initiate or pursue any individual legal action against the debtor (or against a guarantor of the debtor where such guarantor is a natural person and the proceedings are safeguard, accelerated safeguard, accelerated financial safeguard or judicial reorganization proceedings (during the observation period only with respect to judicial reorganization proceedings)) with respect to any claim arising prior to the court decision commencing the proceedings, if the objective of such legal action is:
  - to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due in order to file a proof of claim, as described below);
  - to terminate a contract for non-payment of amounts owed by the creditor; or

- to enforce the creditor's rights against any assets of the debtor except (i) in judicial liquidation proceedings, by way of the applicable specific process for judicial foreclosure (*attribution judiciaire*) of the pledged assets or (ii) where such asset, whether tangible or intangible, movable or immovable is located in another Member State within the European Union at the time of the opening of the insolvency proceedings, in which case the rights *in rem* of creditors thereon would not be affected by the insolvency proceedings commenced in France, in accordance with the terms of Article 8 of the EU Insolvency Regulation (provided no secondary proceedings are commenced in such Member State). Similarly, the rights of a creditor on the debtor's assets located outside France and the EU would only be affected by the French insolvency proceedings if they were to be recognized by the local courts where the assets at stake are located (unless provided otherwise in a treaty to which France is a party);

- in the context of reorganization or liquidation proceedings only, absent consent to other terms of payment, immediate cash payment for services rendered pursuant to an ongoing contract (*contrat en cours*), will be required.

A natural person that is the guarantor of the debtor may avail itself of the provisions of a safeguard plan ("*plan de sauvegarde*") adopted by the Court but not of the provisions of a judicial reorganization plan ("*plan de redressement*").

In accelerated financial safeguard proceedings, the above rules only apply to the creditors that fall within the scope of the proceedings (see above). Debts owed to other creditors, such as suppliers, continue to be payable in the ordinary course of business.

As a general rule, creditors domiciled in metropolitan France whose claims arose prior to the commencement of the proceedings must file a claim with the court-appointed creditors' representative within two months of the publication of the court decision in an official gazette (*Bulletin Officiel des annonces civiles et commerciales*); this period is extended to four months for creditors domiciled outside metropolitan France. Creditors must also file a claim for the post-commencement non-privileged debts, with respect to which the two or four month period referred to above starts to run as from their maturity date. Creditors whose claims have not been submitted during the relevant period are, except for limited exceptions, barred from receiving distributions made in connection with the proceedings. Employees do not need to file a proof of claim in respect of their wage-related claims and are preferred creditors under French law.

At the beginning of the proceedings, the debtor must provide the court-appointed administrator and the creditors' representative with the list of all its creditors and all of their claims. Where the debtor has informed the creditors' representative of the existence of a claim, the claim as reported by the debtor is deemed to be a filing of the claim with the creditors' representative on behalf of the creditor. Creditors are allowed to ratify or amend a proof of claim so made on their behalf until the insolvency judge rules on the admissibility of the claim. They may also file their own proof of claim within the deadlines described above.

In accelerated safeguard and accelerated financial safeguard proceedings however, the debtor draws a list of the claims of its creditors having taken part in the conciliation proceedings, which is certified by its statutory auditors or accountant. Although such creditors may file proofs of claim as part of the regular process, they may also avail themselves of this simplified alternative and merely adjust if necessary the amounts of their claims as set forth in the list prepared by the debtor (within the above two or four months' time limit). Creditors that did not take part in the conciliation proceedings must file their proofs of claim within the aforementioned deadlines.

If the court adopts a safeguard plan, accelerated safeguard plan, accelerated financial safeguard plan or reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan.

If the court adopts a sale plan (*plan de cession*) of the debtor in judicial reorganization or judicial liquidation proceedings (see above), the proceeds of the sale will be allocated towards the repayment of its creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the liquidator appointed by the court will be in charge of selling the assets of the debtor and settling the debtor's debts in accordance with their ranking.

French insolvency law assigns priority to the payment of certain preferred creditors, including employees (for the super-privileged part of their claims), post-commencement legal costs (essentially, court officials fees), creditors who benefit from a New Money Lien or a S/R Lien (see above), post-commencement privileged creditors and the French State (taxes and social charges). In the event of judicial liquidation proceedings only, certain pre-commencement secured creditors whose claim is secured by real estate are paid prior to post-commencement privileged creditors. Some creditors may nevertheless bypass this order of priority which, for example does not apply to creditors benefiting from an enforceable retention right over assets with respect to their claim related to such asset.

Creditors' Liability

Pursuant to Article L. 650-1 of the French Commercial Code (as interpreted by case law), where safeguard, judicial reorganization or judicial liquidation proceedings have been commenced, creditors may only be held liable for the losses suffered as a result of facilities granted to the debtor, if the granting of such facilities was wrongful and if the relevant creditor (i) committed a fraud, or (ii) interfered with the management of the debtor or (iii) obtained security or guarantees that are disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the Purchase Agreement dated December 16, 2020, the Issuer has agreed to sell the Notes to the Initial Purchasers, and the Initial Purchasers have agreed to purchase the Notes from the Issuer.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The Issuer has agreed, subject to certain limited exceptions, not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any securities of, or guaranteed by, the Issuer that are substantially similar to the Notes during the period from the date of the Purchase Agreement through and including the date that is 30 days after the date of the Purchase Agreement, without the prior written consent of the representatives of the Initial Purchasers.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States to non-U.S. persons except to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Manager has agreed that, except as permitted by the Purchase Agreement, it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities.

The Initial Purchasers have represented, warranted and agreed that they have:

- only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by them in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to any Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States, France and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Listing Prospectus or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Listing Prospectus nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Listing Prospectus does not constitute an offer to sell or a solicitation of an offer to purchase Notes in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Listing Prospectus comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Listing Prospectus and resale of the Notes. See "*Important Information About this Listing Prospectus*".

The Notes are a new issue of securities for which there currently is no market. We intend to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit them for trading on the Euro MTF Market thereof; however, we cannot assure you that such listing will be maintained.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. A Distributor should take into consideration the manufacturers' target market assessment; however, and without prejudice to the obligations of the Issuer in accordance with MiFID II, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you.

The Stabilizing Manager, on behalf of the Initial Purchasers, may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

In connection with the Offering, the Stabilizing Manager, or a person acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager may bid for and purchase Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. The Stabilizing Manager may also over-allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Related to Our Indebtedness and the Notes— There may not be an active trading market for the Notes, in which case your ability to sell your Notes may be limited*".

These stabilizing transactions and covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions may begin on or after the date on which adequate public disclosure of the terms of the Offering is made and, if commenced, may be discontinued at any time at the sole discretion of the Stabilizing Manager. If these activities are commenced, they must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. These transactions may be effected in the over-the-counter market or otherwise.

The Initial Purchasers and their affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, real estate assets valuation, financing and brokerage activities. The Initial Purchasers or their respective affiliates from time to time have provided, and may in the future provide, commercial lending, investment banking, hedging, consulting and financial advisory services to the Issuer and its subsidiaries and affiliates (including our controlling shareholders) for which the Initial Purchasers have received, and in the future may receive, customary fees and expenses. In particular, certain of the Initial Purchasers are lenders to our controlling shareholders, the companies Rallye, Foncière Euris, Finatis and Euris, as well as certain subsidiaries of the Issuer. Certain of the Initial Purchasers are holders of our Existing EMTN Bonds and may receive a portion of the proceeds of the Offering as a result of the purchase of Existing EMTN Bonds through the tender offer as described in "*Use of Proceeds*". In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its respective affiliates. Certain of the Initial Purchasers or their affiliates have a lending relationship with us and may hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. Moreover, the Initial Purchasers and their affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments. The Initial Purchasers or their respective affiliates may also receive allocations of the Notes. Certain of the Initial Purchasers or their affiliates are among the mandated lead arrangers and/or lenders under the Revolving Credit Facility Agreement, the Term Loan B Facility Agreement and the Monoprix Existing Syndicated Credit Facility. In addition, certain of the Initial Purchasers have provided other advisory services to the Group, including in relation to the Asset Disposal Plan. Jean-Charles Naouri, the Chairman and Chief Executive Officer of the Issuer, is a former member of the board of directors of Natixis.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Latham & Watkins (London) LLP as to matters of U.S. federal and New York state law and by Latham & Watkins AARPI as to matters of French law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Linklaters LLP as to matters of U.S. federal law, New York state law and French law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Issuer as of and for the years ended December 31, 2017, 2018 and 2019, an English translation of which is included in this Listing Prospectus, have been audited by Ernst & Young et Autres and Deloitte & Associés, statutory auditors of the Issuer, as stated in their reports, free English translations of which are included in this Listing Prospectus.

The unaudited condensed consolidated interim financial statements of the Issuer as of and for the six months ended June 30, 2020, an English translation of which is included in this Listing Prospectus, have been reviewed by Ernst & Young et Autres and Deloitte & Associés, statutory auditors of the Issuer, as stated in the free English translation of their report appearing therein.

LISTING AND GENERAL INFORMATION

Listing

Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to admit them for trading on the Euro MTF Market thereof, in accordance with the rules and regulations of that exchange. Our organizational documents will be deposited at the registered office of the Issuer, located at 1, cours Antoine Guichard, 42000 Saint-Étienne, France, where such documents may be examined and copies obtained. They may be inspected by any interested person at the registered office of the Issuer.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market of that exchange and the rules and regulations of the Luxembourg Stock Exchange so require, copies of the following documents in English may be inspected and obtained free of charge at the offices of the Listing Agent during normal business hours on any weekday (public holidays excluded):

- the organizational documents of the Issuer;
- the consolidated financial statements included in this Listing Prospectus;
- our most recent audited consolidated financial statements, and any interim condensed consolidated financial statements published by the Issuer;
- this Listing Prospectus; and
- the Indenture, which includes the form of the Notes.

The Issuer has named Citibank, N.A., London Branch, as Paying Agent, Transfer Agent, Registrar and Trustee and Banque Internationale à Luxembourg S.A. as Listing Agent. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture and, if so required by the internal rules and regulations of the Luxembourg Stock Exchange, will publish a notice of such change of appointment in a newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the official website of the Luxembourg Stock Exchange (www.bourse.lu) or by any other means considered equivalent by the Luxembourg Stock Exchange.

It is expected that the total expenses relating to the application for admission of the Notes to the Official List of the Luxembourg Stock Exchange and for admission of the Notes to trading on its Euro MTF Market will be approximately €2,500 (excluding VAT and disbursements).

Application may be made to the Luxembourg Stock Exchange to have the Notes removed from listing on the Euro MTF Market, including if necessary to avoid any new withholding taxes in connection with the listing.

Litigation

Except as disclosed elsewhere in this Listing Prospectus, there has been no material adverse change in the Issuer's financial position since June 30, 2020 (being the last day of the period in respect of which the Issuer published its latest unaudited interim condensed consolidated financial statements) and we are not involved and have not been involved during the 12 months preceding the date of this Listing Prospectus, in any litigation, arbitration or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on our results of operations, condition (financial or other) or general affairs and, so far as we are aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

No Material Adverse Change

Except as disclosed in this Listing Prospectus, there has been no material adverse change in the Issuer's consolidated financial and trading position since June 30, 2020 (being the last day of the period in respect of which the Issuer published its latest unaudited interim condensed consolidated financial statements).

Clearing Information

The Notes have been accepted for clearance and settlement through the facilities of Clearstream and Euroclear on the Issue Date. The Notes will have a Common Code of 227659653. The ISIN for the Notes is XS2276596538.

Legal Information

The Issuer

The Issuer is a publicly listed *société anonyme* whose shares are traded on Euronext Paris. The Issuer was incorporated as a *société anonyme* under the laws of France on October 20, 1920. Its term, which was extended by extraordinary resolution of the shareholders at the general meeting of October 31, 1941, will expire on July 31, 2040 unless the Issuer is wound up before such date or its term is further extended. The Issuer is registered in France under sole identification number 554 501 171 R.C.S. Saint-Étienne. The Issuer's registered office is located at 1, cours Antoine Guichard, 42000 Saint-Étienne, France. The LEI code of the Issuer is 969500VHL8F83GBL6L29.

For a description of the Issuer, see "*Management*".

The creation and issuance of the Notes was authorized by resolutions of the Board of Directors of the Issuer dated December 12, 2019.

Responsibility Statement

The Issuer accepts responsibility for the information contained in this Listing Prospectus. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Listing Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of this Listing Prospectus.

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REGISTERED OFFICE OF THE ISSUER

Casino, Guichard-Perrachon S.A.
1, cours Antoine Guichard
42000 Saint-Étienne
France

LEGAL ADVISORS TO THE ISSUER

(as to U.S. federal and New York state law)
Latham & Watkins (London) LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

(as to French law)
Latham & Watkins AARPI
45, rue Saint-Dominique
75007 Paris
France

LEGAL ADVISORS TO THE INITIAL PURCHASERS

(as to U.S. federal and New York state law)
Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

(as to French law)
Linklaters LLP
25, Rue de Marignan
75008 Paris
France

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR
Citibank, N.A., London Branch
Citigroup Centre
25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

LISTING AGENT
Banque Internationale à Luxembourg S.A.
69, route d'Esch
L-1470 Luxembourg

INDEPENDENT AUDITORS OF THE ISSUER

Ernst & Young et Autres
1 Place des Saisons
92400 Courbevoie
France

Deloitte & Associés
6 Place de la Pyramide
92908 Paris-la-Défense Cedex
France

LEGAL ADVISOR TO THE TRUSTEE
White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

€400,000,000 6.625% Senior Notes due 2026

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AT 30 JUNE 2020

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Condensed Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	First-half 2020	First-half 2019 (restated)(i)
CONTINUING OPERATIONS			
Net sales	5/6.2	**16,140**	16,842
Other revenue	6.2	**245**	327
Total revenue	**6.2**	**16,385**	**17,169**
Cost of goods sold		**(12,403)**	(12,914)
Gross margin		**3,981**	**4,255**
Selling expenses	6.3	**(2,939)**	(3,105)
General and administrative expenses	6.3	**(656)**	(695)
Trading profit	**5.1**	**386**	**455**
As a % of net sales		***2.4%***	*2.7%*
Other operating income	6.5	**223**	50
Other operating expenses	6.5	**(472)**	(336)
Operating profit		**137**	**169**
As a % of net sales		***0.8%***	*1.0%*
Income from cash and cash equivalents	9.3.1	**9**	11
Finance costs	9.3.1	**(197)**	(166)
Net finance costs	**9.3.1**	**(188)**	**(156)**
Other financial income	9.3.2	**87**	105
Other financial expenses	9.3.2	**(350)**	(243)
Profit (loss) before tax		**(314)**	**(125)**
As a % of net sales		***-1.9%***	*-0.7%*
Income tax benefit (expense)	7	**12**	(24)
Share of profit of equity-accounted investees		**15**	22
Net profit (loss) from continuing operations		**(287)**	**(127)**
As a % of net sales		***-1.8%***	*-0.8%*
Attributable to owners of the parent		**(334)**	(172)
Attributable to non-controlling interests		**47**	45
DISCONTINUED OPERATIONS			
Net profit (loss) from discontinued operations	**3.2.2**	**(158)**	**(98)**
Attributable to owners of the parent	3.2.2	**(162)**	(110)
Attributable to non-controlling interests	3.2.2	**4**	12
CONTINUING AND DISCONTINUED OPERATIONS			
Consolidated net profit (loss)		**(445)**	**(226)**
Attributable to owners of the parent		**(496)**	(282)
Attributable to non-controlling interests		**52**	57

Earnings per share

(€)	First-half 2020	First-half 2019 (restated)(i)
From continuing operations, attributable to owners of the parent		
▪ Basic	**(3.43)**	(1.95)
▪ Diluted	**(3.43)**	(1.95)
From continuing and discontinued operations, attributable to owners of the parent		
▪ Basic	**(4.93)**	(2.97)
▪ Diluted	**(4.93)**	(2.97)

(i) Previously published comparative information has been restated (Note 1.3).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	First-half 2020	First-half 2019 (restated)[(i)]
Consolidated net profit / (loss)	**(445)**	**(226)**
Items that may subsequently be reclassified to profit or loss	**(1,188)**	**60**
Cash flow hedges and cash flow hedge reserve[(ii)]	**(14)**	(36)
Foreign currency translation adjustments[(iii)]	**(1,152)**	83
Debt instruments at fair value through other comprehensive income (OCI)	**-**	4
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	**(26)**	(2)
Income tax effects	**4**	12
Items that will never be reclassified to profit or loss	**2**	**(1)**
Equity instruments at fair value through other comprehensive income	**-**	(2)
Actuarial gains and losses	**3**	1
Share of items of equity-accounted investees that will never be subsequently reclassified to profit or loss	**-**	(1)
Income tax effects	**(1)**	-
Other comprehensive income / (loss) for the period, net of tax	**(1,186)**	**59**
Total comprehensive income / (loss) for the period, net of tax	**(1,630)**	**(167)**
Attributable to owners of the parent	***(975)***	*(280)*
Attributable to non-controlling interests	***(655)***	*114*

(i) Previously published comparative information has been restated (Note 1.3).
(ii) The change in the cash flow hedge reserve in first-half 2020 and first-half 2019 was not material.
(iii) The €1,152 million negative net translation adjustment in first-half 2020 arose primarily from the depreciation of the Brazilian real for €843 million and the Columbian peso for €259 million. The €83 million positive net translation adjustment in first-half 2019 arose mainly from the appreciation of the Brazilian real for a positive €112 million, partially offset by the depreciation of the Uruguayan peso for a negative €37 million.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€ millions)	Notes	30 June 2020	31 December 2019 (restated)[(i)]
Goodwill	8	**6,746**	7,489
Intangible assets	8	**2,046**	2,296
Property, plant and equipment	8	**4,271**	5,113
Investment property	8	**443**	493
Right-of-use assets	8	**4,387**	4,837
Investments in equity-accounted investees		**205**	341
Other non-current assets		**1,010**	1,183
Deferred tax assets		**853**	772
Total non-current assets		**19,960**	**22,524**
Inventories		**3,371**	3,775
Trade receivables		**807**	836
Other current assets		**1,665**	1,536
Current tax assets		**131**	111
Cash and cash equivalents	9	**2,207**	3,572
Assets held for sale	3.2	**2,448**	2,774
Total current assets		**10,630**	**12,603**
TOTAL ASSETS		**30,590**	**35,127**

EQUITY AND LIABILITIES (€ millions)	Notes	30 June 2020	31 December 2019 (restated)[(i)]
Share capital	10.1	**166**	166
Additional paid-in capital, treasury shares, retained earnings and consolidated net profit / (loss)		**3,580**	4,602
Equity attributable to owners of the parent		**3,746**	**4,767**
Non-controlling interests		**2,881**	**3,523**
Total equity		**6,627**	**8,291**
Non-current provisions for employee benefits		**337**	357
Other non-current provisions	11.1	**322**	458
Non-current borrowings and debt, gross	9.2	**7,326**	8,100
Non-current lease liabilities		**3,627**	3,937
Non-current put options granted to owners of non-controlling interests		**62**	61
Other non-current liabilities		**165**	181
Deferred tax liabilities		**459**	566
Total non-current liabilities		**12,298**	**13,661**
Current provisions for employee benefits		**11**	11
Other current provisions	11.1	**181**	153
Trade payables		**5,090**	6,580
Current borrowings and debt, gross	9.2	**1,752**	1,549
Current lease liabilities		**678**	740
Current put options granted to owners of non-controlling interests		**119**	105
Current tax liabilities		**84**	48
Other current liabilities		**2,823**	2,839
Liabilities associated with assets held for sale	3.2	**928**	1,150
Total current liabilities		**11,664**	**13,175**
TOTAL EQUITY AND LIABILITIES		**30,590**	**35,127**

(i) Previously published comparative information has been restated (Note 1.3).

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	First-half 2020	First-half 2019 (restated)[(i)]
Profit (loss) before tax from continuing operations		**(314)**	**(125)**
Profit (loss) before tax from discontinued operations	3.2.2	**(104)**	(28)
Consolidated profit (loss) before tax		**(419)**	**(153)**
Depreciation and amortisation expense	6.4	**680**	667
Provision and impairment expense	4.1	**96**	119
Losses (gains) arising from changes in fair value	9.3.2	**73**	(36)
Expenses (income) on share-based payment plans		**6**	8
Other non-cash items		**(29)**	(22)
(Gains) losses on disposals of non-current assets	4.4	**(49)**	(12)
(Gains) losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		**20**	8
Dividends received from equity-accounted investees		**15**	24
Net finance costs	9.3.1	**188**	156
Interest paid on leases, net	9.3.2	**138**	131
Non-recourse factoring and associated transaction costs	9.3.2	**32**	36
Gain on disposal of discontinued operations	3.2.2	**-**	14
Adjustments related to discontinued operations		**15**	116
Net cash from operating activities before change in working capital, net finance costs and income tax		**767**	**1,058**
Income tax paid		**(45)**	(118)
Change in operating working capital	4.2	**(766)**	(1,127)
Income tax paid and change in operating working capital: discontinued operations		**105**	(735)
Net cash from (used in) operating activities		**60**	**(922)**
of which continuing operations		***45***	***(289)***
Cash outflows related to acquisitions of:			
▪ Property, plant and equipment, intangible assets and investment property	4.3	**(447)**	(526)
▪ Non-current financial assets	4.10	**(472)**	(23)
Cash inflows related to disposals of:			
▪ Property, plant and equipment, intangible assets and investment property	4.4	**169**	408
▪ Non-current financial assets	4.10	**254**	59
Effect of changes in scope of consolidation resulting in acquisition or loss of control	4.5	**165**	125
Effect of changes in scope of consolidation related to equity-accounted investees	4.6	**(10)**	(16)
Change in loans and advances granted		**(21)**	16
Net cash from (used in) investing activities of discontinued operations		**(14)**	460
Net cash from (used in) investing activities		**(375)**	**503**
of which continuing operations		***(361)***	***43***
Dividends paid:			
▪ to owners of the parent	10.4	**-**	(169)
▪ to non-controlling interests		**(33)**	(62)
▪ to holders of deeply-subordinated perpetual bonds	10.4	**(33)**	(42)
Increase (decrease) in the parent's share capital		**-**	-
Transactions between the Group and owners of non-controlling interests	4.7	**(21)**	(32)
(Purchases) sales of treasury shares	10.1	**(1)**	(58)
Additions to loans and borrowings	4.8	**1,064**	556
Repayments of loans and borrowings	4.8	**(837)**	(222)
Repayments of lease liabilities		**(340)**	(348)
Interest paid, net	4.9	**(428)**	(376)
Other repayments		**(9)**	(6)
Net cash used in financing activities of discontinued operations		**(27)**	(271)
Net cash used in financing activities		**(667)**	**(1,030)**
of which continuing operations		***(640)***	***(760)***
Effect of changes in exchange rates on cash and cash equivalents of continuing operations		**(398)**	47
Effect of changes in exchange rates on cash and cash equivalents of discontinued operations		**-**	19
Change in cash and cash equivalents	**4.8**	**(1,379)**	**(1,383)**
Net cash and cash equivalents at beginning of period		**3,530**	**4,514**
▪ of which net cash and cash equivalents of continuing operations	9	3,471	3,592
▪ of which net cash and cash equivalents of discontinued operations		59	922
Net cash and cash equivalents at end of period		**2,151**	**3,131**
▪ of which net cash and cash equivalents of continuing operations	9	2,086	3,078
▪ of which net cash and cash equivalents of discontinued operations		65	54

(i) Previously published comparative information has been restated (Note 1.3).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions) (before appropriation of profit)	Share capital	Additional paid-in capital(i)	Treasury shares	Deeply-subordinated perpetual bonds (TSSDI)	Retained earnings and profit for the period
At 1 January 2019	**168**	**3,939**	**(33)**	**1,350**	**3,516**
Other comprehensive income (loss) for the period (restated)(*)	-	-	-	-	-
Net profit (loss) for the period (restated)(*)	-	-	-	-	(282)
Consolidated comprehensive income (loss) for the period (restated)(*)	**-**	**-**	**-**	**-**	**(282)**
Issue of share capital	-	-	-	-	-
Purchases and sales of treasury shares(iv)	(2)	(38)	(12)	-	(5)
Dividends paid/payable to shareholders(v)	-	-	-	-	(169)
Coupons paid/payable to holders of deeply-subordinated perpetual bonds(v)	-	-	-	-	(39)
Share-based payments	-	-	-	-	3
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries(vi)	-	-	-	-	3
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries(vii)	-	-	-	-	(9)
Other movements	-	-	-	-	19
At 30 June 2019 (restated)(*)	**166**	**3,901**	**(46)**	**1,350**	**3,035**
At 1 January 2020	**166**	**3,901**	**(28)**	**1,350**	**1,918**
Other comprehensive income (loss) for the period	-	-	-	-	**-**
Net profit (loss) for the period	-	-	-	-	**(496)**
Consolidated comprehensive income (loss) for the period	**-**	**-**	**-**	**-**	**(496)**
Issue of share capital	**-**	**-**	**-**	**-**	**-**
Purchases and sales of treasury shares(iv)	**-**	**-**	**5**	**-**	**(6)**
Dividends paid/payable to shareholders(v)	**-**	**-**	**-**	**-**	**-**
Coupons paid/payable to holders of deeply-subordinated perpetual bonds(v)	**-**	**-**	**-**	**-**	**(34)**
Share-based payments	**-**	**-**	**-**	**-**	**3**
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(vii)	**-**	**-**	**-**	**-**	**(19)**
Other movements	**-**	**-**	**-**	**-**	**6**
At 30 June 2020	**166**	**3,901**	**(23)**	**1,350**	**1,372**

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

(i) Additional paid-in capital includes (a) premiums on shares issued for cash or for contributions in kind, or in connection with mergers or acquisitions, and (b) legal reserves.
(ii) See Note 10.2
(iii) Attributable to the shareholders of Casino, Guichard-Perrachon.
(iv) See Note 10.1 for information about treasury share transactions.
(v) See Note 10.4 for coupons paid and payable to holders of ordinary shares and deeply-subordinated perpetual bonds. Dividends paid and payable to non-controlling interests during the period prima
GPA and Éxito for €24 million and €21 million, respectively).
(vi) In first-half 2019, the €747 million negative impact mainly corresponds to the loss of control of Via Varejo.
(vii) In first-half 2020, the €19 million negative impact on equity attributable to owners of the parent primarily relates to the acquisition of non-controlling interests at Franprix-Leader Price. In first-half 2019
controlling interests in Mayotte (Vindémia) and at Franprix-Leader Price.

CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ABOUT THE CASINO, GUICHARD-PERRACHON GROUP

Casino, Guichard-Perrachon ("the Company") is a French *société anonyme* listed in compartment A of Euronext Paris. The Company and its subsidiaries are hereinafter referred to as "the Group" or "Casino Group". The Company's registered office is at 1, Cours Antoine Guichard, 42008 Saint-Étienne, France.

The interim consolidated financial statements for the six months ended 30 June 2020 reflect the accounting position of the Company and its subsidiaries as well as the Group's interests in joint ventures and associates.

The consolidated financial statements of Casino, Guichard-Perrachon for the six months ended 30 June 2020 were approved for publication by the Company's Board of Directors on 29 July 2020.

Note 1 Significant accounting policies

1.1 Accounting standards

Pursuant to European Commission Regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements of Casino 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 as of the date of approval of the financial statements by the Board of Directors and applicable at 30 June 2020.

These standards are available on the European Commission's website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en.

The interim consolidated financial statements, presented here in condensed form, have been prepared in accordance with IAS 34 – *Interim Financial Reporting*. They do not contain all the information and notes included in the annual financial statements. They should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019, which are available upon request from the Company's registered office, or can be downloaded from the Group's website, https://www.groupe-casino.fr/en/.

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

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

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

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

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

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

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

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

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

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

The Group's analyses are focusing particularly on:
- automatically renewable leases or leases that can be terminated at any time;
- assets under lease (stores, warehouses), including non-removable leasehold improvements, whose residual net carrying amount at the end of the IFRS 16 lease term could give rise to a significant penalty (within the meaning of the IFRS IC decision) for the Group. These cases could lead the Group to adopt a longer IFRS 16 lease term and/or to re-estimate the useful life of the related non-removable leasehold improvements.

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

It should be noted that Group subsidiary GPA applied the IFRS IC decision in its consolidated financial statements for the year ended 31 December 2019. In light of the principle whereby the consolidated financial statements are prepared using consistent accounting methods from one year to the next, and pending the findings of the analyses currently in progress for the Group as a whole, the impact of this decision is not reflected in the Group's financial statements. This impact was essentially limited to an increase in lease liabilities and in right-of-use assets of €188 million and €170 million, respectively, at 31 December 2019.

1.2 Basis of preparation and presentation of the consolidated financial statements

1.2.1 Basis of measurement

The consolidated financial statements are presented in euros, which is the functional currency of the Group's parent company. The figures in the tables have been rounded to the nearest million euros and include individually rounded data. Consequently, the totals and sub-totals shown may not correspond exactly to the sum of the reported amounts.

1.2.2 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 Leader Price's net assets, as well as assets of the France segment, in accordance with IFRS 5 (Note 3.2);
- valuation of non-current assets and goodwill (Note 8);
- measurement of deferred tax assets (Note 7);
- recognition, presentation and measurement of the recoverable amounts of tax credits or taxes (mainly ICMS, PIS and COFINS in Brazil) (Notes 5.1 and 11);
- IFRS 16 transition method, notably the determination of discount rates and the lease term for the purpose of measuring the lease liability for leases with renewal or termination options;
- provisions for risks (Note 11), particularly tax and employee-related risks in Brazil.

1.3 Changes in accounting methods and restatement of comparative information

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

Impacts reflected in the "Other" column essentially relate to:

- the change in the method of presenting costs to obtain contracts.
  At end-2019, the Group reviewed the presentation of these costs in its statement of financial position. Costs to obtain contracts, previously included in other current and non-current assets are now included in "Other intangible assets" (see notes to the 2019 consolidated financial statements);
- the definitive impacts of retrospectively applying IFRS 16 – *Leases*, previously published in the financial statements for the six months ended 30 June 2019 and recalculated in second-half 2019 once the Group's lease management software was put in place.

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

(€ millions)	First-half 2019 (reported)(i)	Discontinued operations (Leader Price)	Other	First-half 2019 (restated)
Net sales	17,841	(999)	-	**16,842**
Other revenue	327	-	-	**327**
Total revenue	**18,168**	**(999)**	**-**	**17,169**
Cost of goods sold	(13,749)	809	26	**(12,914)**
Selling expenses	(3,247)	158	(16)	**(3,105)**
General and administrative expenses	(735)	41	(1)	**(695)**
Trading profit	**437**	**9**	**9**	**455**
Operating profit	**54**	**90**	**26**	**169**
Net finance costs	(157)	-	1	**(156)**
Other financial income and expenses	(141)	2	-	**(139)**
Profit (loss) before tax	**(244)**	**92**	**26**	**(125)**
Income tax benefit (expense)	(18)	(4)	(3)	**(24)**
Share of profit of equity-accounted investees	-	22	-	**22**
Net profit (loss) from continuing operations	**(262)**	**111**	**24**	**(127)**
Attributable to owners of the parent	*(302)*	*108*	*22*	***(172)***
Attributable to non-controlling interests	*40*	*4*	*2*	***45***
Net profit (loss) from discontinued operations	**13**	**(111)**	**-**	**(98)**
Attributable to owners of the parent	*(2)*	*(108)*	-	***(110)***
Attributable to non-controlling interests	*15*	*(4)*	-	***12***
Consolidated net profit (loss)	**(249)**	**-**	**24**	**(226)**
Attributable to owners of the parent	*(304)*	-	*22*	***(282)***
Attributable to non-controlling interests	*55*	-	*2*	***57***

(i) Via Varejo had been classified within discontinued operations and was sold in first-half 2019.

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

(€ millions)	First-half 2019 (reported)	Discontinued operations (Leader Price)	Other	First-half 2019 (restated)
Net cash from (used in) operating activities	**(945)**	**-**	**23**	**(922)**
of which consolidated profit (loss) before tax	*(179)*	*-*	*26*	***(153)***
of which other components of cash flow	*1,210*	*-*	*1*	***1,211***
of which change in operating working capital and income tax paid	*(1,353)*	*112*	*(4)*	***(1,245)***
of which income taxes paid and change in operating working capital: discontinued operations	*(623)*	*(112)*	*-*	***(735)***
Net cash from (used in) investing activities	**524**	**-**	**(22)**	**503**
of which net cash related to acquisitions and disposals of non-current assets	*(102)*	*5*	*(22)*	***(118)***
of which effect of changes in scope of consolidation resulting in acquisition or loss of control	*129*	*(4)*	*-*	***125***
of which cash from (used in) discontinued operations	*464*	*(4)*	*-*	***460***
Net cash from (used in) financing activities	**(1,028)**	**-**	**(2)**	**(1,030)**
of which repayments of lease liabilities	*(368)*	*24*	*(5)*	***(348)***
of which interest paid, net	*(387)*	*3*	*8*	***(376)***
of which cash from (used in) discontinued operations	*(242)*	*(29)*	*-*	***(271)***
Effect of changes in exchange rates on cash and cash equivalents	66	-	-	***66***
Change in cash and cash equivalents	**(1,383)**	**-**	**-**	**(1,383)**
Net cash and cash equivalents at beginning of period	4,514	-	-	**4,514**
Net cash and cash equivalents at end of period	3,131	-	-	**3,131**

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

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

Note 2 Significant events of the period

Significant events during the period are the following:

Rallye safeguard plan

On 2 March 2020, Casino, Guichard-Perrachon was informed by its lead shareholder Rallye that on 28 February, the Paris commercial court approved the safeguard plans for Rallye, its subsidiaries and their parent companies.

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

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

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

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

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

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

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

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

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

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

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

(€ millions)	Total	of which France Retail
Cost of goods sold	(43)	(32)
Selling expenses	(130)	(98)
General and administrative expenses	(2)	(2)
Total	**(175)**	**(132)**

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

During the period, the Group's cash and cash equivalents has been ensured by secured credit lines, which offset the decrease in commercial paper during the lockdown period; paper issues fell from €200 million to €20 million, before increasing once again to stand at €106 million at the reporting date (Note 9.6).

Signature of an agreement with Aldi France to sell Leader Price stores and warehouses

On 20 March 2020, Casino Group announced it had signed a unilateral purchase agreement with Aldi France to sell 567 Leader Price stores and 3 warehouses for an enterprise value of €735 million (including an earn-out of €35 million contingent on the achievement of certain operating indicators during the transaction period). The Group remains owner of the Leader Price brand and will continue to distribute Leader Price-branded products to the Group's other banners and franchisees, particularly outside France.

The transaction is expected to be completed after consultation with employee representative bodies and is subject to approval by the French Competition Authority.

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

Disposal plan for non-strategic assets

In 2018 and 2019, the Group sold assets for €2.1 billion. Following the agreement signed with Aldi on 20 March 2020 to sell 567 Leader Price stores and 3 Leader Price warehouses for €0.7 billion (see above), total asset disposals represents €2.8 billion (out of the announced asset disposal plan worth €4.5 billion), of which €2.0 billion receveid as at 30 June 2020.

Sale of Vindémia

On 30 June 2020, the Group sold its subsidiary Vindémia (Note 3.1.2).

Note 3 Scope of consolidation

3.1 Transactions affecting the scope of consolidation

3.1.1 Mercialys TRS

On 26 July 2018, in connection with the announced asset disposal plan, the Group reduced its stake in Mercialys from 40.3% of the voting rights to 25.3%, through the block sale to a bank of shares representing 15% of the capital under a total return swap (TRS) maturing on 28 December 2020. Under the terms of the transaction, the Group received immediate proceeds amounting to €213 million before disposal costs (€209 million after disposal costs).

Under IFRS 9, the block sale is only effective once the shares are actually sold on the market by the bank. Consequently, the shares were not derecognised and a debt was recorded in respect of the shares not yet sold on the market.

As of 31 December 2019, 64.6% of the shares underlying the TRS had been sold. A corresponding capital loss of €20 million was recorded in “Other operating expenses” and the liability stood at €102 million.

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

The consolidated financial statements include the Group’s 28.1% interest in Mercialys at 30 June 2020 (30.6% at 31 December 2019) on an equity-accounted basis, of which 2.9% corresponds to the shares not sold on the market at that date by the bank.

In addition, the remaining portion of the shares unsold under the TRS continues to be classified as “Assets held for sale” in accordance with IFRS 5, recognised at their carrying amount for €19 million at 30 June 2020 (€46 million at 31 December 2019).

3.1.2 Sale of Vindémia

Casino Group sold Vindémia to the GBH group on 30 June 2020 as part of its plan to dispose of non-strategic assets. The sale price for the Group totalled €207 million and was based on net debt and working capital as estimated at the date of the sale. The payment collected on the sale amounts to €186 million, generating a disposal loss of €23 million, including a loss of €13 million on reclassifying foreign currency translation adjustments within gains and losses on disposals.
If the transaction had been completed on 1 January 2020, the sale would have had a negative €405 million impact on the Group’s consolidated net sales, a negative €22 million impact on trading profit and a negative €9 million impact on net profit.

3.2 Non-current assets held for sale and discontinued operations

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

(€ millions)	Notes	30 June 2020		31 December 2019 (restated)	
		Assets	**Liabilities**	**Assets**	**Liabilities**
Leader Price sub-group	2	**1,304**	**724**	1,362	706
Other France Retail(i)		**1,046**	**204**	1,361	444
Other Latam Retail(ii)		**98**	**-**	51	-
Total		**2,448**	**928**	**2,774**	**1,150**
Net assets		**1,520**		1,623	
of which attributable to owners of the parent of the selling subsidiary	*9.2.1*	***1,512***		*1,604*	

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

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

3.2.2 Discontinued operations

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

(€ millions)	First-half 2020	First-half 2019 (restated)
Net sales	**862**	3,421
Net expenses[(i)]	**(967)**	(3,488)
Gain on disposal of Via Varejo on 14 June 2019	**-**	39
Net profit (loss) before tax from discontinued operations	**(104)**	**(28)**
Income tax expense	**(13)**	(52)
Share of profit (loss) of equity-accounted investees	**(40)**	(19)
Net profit (loss) from discontinued operations[(ii)]	**(158)**	**(98)**
Attributable to owners of the parent	***(162)***	*(110)*
Attributable to non-controlling interests	***4***	*12*

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

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

At 31 December 2019, the fair value of Leader Price had been estimated based on an enterprise value of €735 million (including a €35 million earn-out contingent on the achievement of certain operating indicators during the transition period), less the estimated cost of the put options held by master franchisees and independent operators, and less the estimated future cash flow usage of the sub-group up to the effective date of the disposal. The revision of the estimate at 30 June 2020 did not result in a material change in the fair value.

3.3 Investments in equity-accounted investees

3.3.1 Share of contingent liabilities of equity-accounted investees

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

3.3.2 Related-party transactions (equity-accounted investees)

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

(€ millions)	2020		2019 (restated)	
	Associates	Joint ventures	Associates	Joint ventures
Closing balance at 30 June 2020				
31 December 2019				
Loans	**15**	**7**	31	11
o/w impairment	***(1)***	**-**	*(1)*	-
Receivables	**40**	**41**	41	44
o/w impairment	**-**	***(1)***	-	-
Payables	**157(i)**	**151**	184(i)	283
First-half transactions				
Expenses	**3(ii)**	**373(iii)**	6(ii)	828(iii)
Income	**109(iv)**	**29**	266(iv)	19

(i) Including lease liabilities in favour of Mercialys for property assets amounting to €151 million at 30 June 2020, of which €41 million due within one year (31 December 2019: €169 million, of which €41 million due within one year).
(ii) Following the application of IFRS 16, the above amounts do not include the lease payments associated with the 63 leases signed with Mercialys. These payments represented €25 million in first-half 2020 (first-half 2019: 66 leases for €27 million).
(iii) Including €355 million in fuel purchases from Distridyn in first-half 2020 (first-half 2019: €574 million) and €229 million in goods purchases from CD Supply Innovation (the partnership with CDSI was unwound during first-half 2019).
(iv) Income of €109 million in first-half 2020 (first-half 2019: €266 million) also includes sales of goods by Franprix and Distribution Casino France to master-franchisees accounted for by the equity method, for €62 million (first-half 2019: €155 million). It also includes income related to property development transactions with Mercialys reported under "Other revenue" for €18 million in first-half 2020 (first-half 2019: €53 million).

Note 4 Additional cash flow disclosures

4.1 Reconciliation of provision expense

(€ millions)	Notes	First-half 2020	First-half 2019 (restated)
Goodwill impairment	8	**(15)**	-
Impairment of intangible assets		**(7)**	(2)
Impairment of property, plant and equipment		**(18)**	(27)
Impairment of right-of-use assets		**(8)**	(2)
Impairment of other assets		**(49)**	(87)
Net (additions to)/reversals of provisions for risks and charges	11.1	**(1)**	(3)
Total provision expense		**(96)**	**(122)**
Provision expense reported within discontinued operations		**-**	3
Provision expense adjustment in the statement of cash flows		**(96)**	**(119)**

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

(€ millions)	1 January 2020	Cash flows from operating activities	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	IFRS 5 reclass.	Reclass. and other	30 June 2020
Goods inventories	(3,485)	(63)	-	(6)	419	22	(7)	(3,119)
Property development inventories	(290)	(5)	-	15	27	-	1	(252)
Trade payables	6,580	(868)	-	(2)	(606)	(14)	-	5,090
Trade receivables	(836)	(31)	-	(2)	33	3	26	(807)
Other (receivables)/payables	302	200	(290)(i)	(46)	125	(8)	30	313
TOTAL	**2,272**	**(766)**	**(290)**	**(41)**	**(2)**	**3**	**50**	**1,224**

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

(€ millions)	1 January 2019	Cash flows from operating activities	Cash flows from operating activities, discontinued operations	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	IFRS 5 reclass.	Reclass. and other	30 June 2019 (restated)
Goods inventories	(3,655)	72	(34)	-	(8)	(29)	(2)	11	(3,646)
Property development inventories	(179)	(85)	1	-	(2)	(2)	-	(3)	(269)
Trade payables	6,668	(863)	(57)	-	14	51	16	(23)	5,806
Trade receivables	(905)	(7)	(49)	-	55	1	1	2	(902)
Other (receivables)/payables	542	(245)	28	(161)	72	(21)	33	31	280
TOTAL	**2,471**	**(1,127)**	**(111)**	**(161)**	**130**	**1**	**47**	**18**	**1,268**

4.3 Reconciliation of acquisitions of non-current assets

(€ millions)	First-half 2020	First-half 2019 (restated)
Additions to and acquisitions of intangible assets	**(102)**	(118)
Additions to and acquisitions of property, plant and equipment	**(357)**	(375)
Additions to and acquisitions of investment property	**(2)**	(9)
Additions to and acquisitions of lease premiums included in right-of-use assets	**(1)**	(6)
Changes in amounts due to suppliers of non-current assets	**14**	(31)
Neutralisation of capitalised borrowing costs (IAS 23)[i]	**1**	2
Effect of discontinued operations	**-**	11
Cash used in acquisitions of intangible assets, property, plant and equipment and investment property	**(447)**	**(526)**

[i] Non-cash movements.

4.4 Reconciliation of disposals of non-current assets

(€ millions)	First-half 2020	First-half 2019 (restated)
Disposals of intangible assets	**1**	4
Disposals of property, plant and equipment	**18**	91
Disposals of lease premiums included in right-of-use assets	**2**	1
Gains on disposals of non-current assets[i]	**65**	72
Changes in receivables related to non-current assets	**2**	(69)
Reclassification of non-current assets as "Assets held for sale"	**80**	316
Effect of discontinued operations	**-**	(6)
Cash from disposals of intangible assets, property, plant and equipment and investment property	**169**	**408**

[i] Prior to the restatement of sale-and-leaseback transactions in accordance with IFRS 16.

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

(€ millions)	First-half 2020	First-half 2019 (restated)
Amount paid for acquisitions of control	**(3)**	(8)
Cash acquired/(bank overdrafts assumed) in acquisitions of control	**(1)**	2
Proceeds from losses of control	**212**	135
(Cash sold) / bank overdrafts transferred in losses of control	**(43)**	(3)
Effect of changes in scope of consolidation resulting in acquisition or loss of control	**165**	**125**

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

In 2019, the net impact of these transactions on the Group's cash and cash equivalents mainly comprised:

- the loss of control of loss-making stores in connection with the plan to optimise the store base, for €105 million;
- the sale of the contract catering services business and of restaurants.

4.6 Effect of changes in scope of consolidation related to equity-accounted investees

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

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

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

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

(€ millions)	Notes	First-half 2020	First-half 2019 (restated)
Change in cash and cash equivalents		**(1,379)**	**(1,383)**
Additions to borrowings[i]		**(1,064)**	(556)
Repayments of borrowings[i]		**837**	222
Non-cash changes in debt[i]		**148**	104
Change in net assets held for sale attributable to owners of the parent		***63***	*(112)*
Change in other financial assets		***(5)***	*77*
Effect of changes in scope of consolidation		***20***	*72*
Change in fair value hedges		***5***	*(24)*
Change in accrued interest		***63***	*67*
Other		***1***	*25*
Effect of movements in exchange rates[i]		**813**	(44)
Change in loans and borrowings of discontinued operations		**(136)**	331
Change in net debt		**(781)**	**(1,326)**
Net debt at beginning of period		**4,053**	3,378
Net debt at end of period	9.2	**4,834**	4,703

(i) These impacts relate exclusively to continuing operations.

4.9 Reconciliation of net interest paid

(€ millions)	Notes	First-half 2020	First-half 2019 (restated)
Net finance costs reported in the income statement	**9.3.1**	**(188)**	**(156)**
Neutralisation of unrealised exchange gains and losses		**1**	7
Neutralisation of amortisation of debt issuance/redemption costs and premiums		**23**	10
Capitalised borrowing costs		**(1)**	(2)
Change in accrued interest and in fair value hedges of borrowings		**(93)**	(69)
Interest paid on lease liabilities	9.3.2	**(138)**	(131)
Non-recourse factoring and associated transaction costs	9.3.2	**(32)**	(36)
Interest paid, net as presented in the statement of cash flows		**(428)**	**(376)**

4.10 Cash outflows and inflows related to financial assets

In the first-half 2020:

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

Note 5 Segment information

5.1 Key indicators by reportable segment

The segment information presented below is based on the internal reporting used by General Management (the chief operating decision maker) to evaluate performance and allocate resources. It includes in particular the allocation of the holding company costs to all of the Group's Business Units.

(€ millions)	France Retail	Latam Retail	E-commerce	First-half 2020
External net sales (Notes 5.2 and 6.2)	**7,791**	**7,401**	**948**	**16,140**
EBITDA(i)	**564(ii)**	**459**	**43**	**1,066**
Recurring depreciation and amortisation (Notes 6.3 and 6.4)	**(416)**	**(226)**	**(37)**	**(680)**
Trading profit	**148(ii)**	**232**	**6**	**386**

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

(€ millions)	France Retail	Latam Retail	E-commerce	First-half 2019 (restated)
External net sales (Notes 5.2 and 6.2)	8,045	7,908	889	16,842
EBITDA(i)	601(ii)	508	13	1,123
Recurring depreciation and amortisation (Notes 6.3 and 6.4)	(394)	(243)	(31)	(667)
Trading profit (loss)	207(ii)	265	(17)	455

(i) EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring depreciation and amortisation expense.
(ii) Of which €30 million in respect of property deals carried out in France, corresponding in first-half 2019 primarily to the recognition of previously eliminated margins on property development transactions involving Casino and Mercialys following the decrease in Casino's stake in Mercialys (Note 3.3.2).

5.2 Key indicators by geographical area

(€ millions)	France	Latin America	Other regions	Total
External net sales for the six months ended 30 June 2020	**8,738**	**7,393**	**10**	**16,140**
External net sales for the six months ended 30 June 2019 (restated)	8,932	7,902	8	16,842

(€ millions)	France	Latin America	Other regions	Total
Non-current assets at 30 June 2020(i)	**10,193**	**7,859**	**55**	**18,108**
Non-current assets at 31 December 2019(i)	10,628	9,897	59	20,584

(i) Non-current assets include goodwill, intangible assets and 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 Activity data

6.1 Seasonality of operations

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

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

6.2 Breakdown of total revenue

The following tables present a breakdown of revenue:

(€ millions)	France Retail	Latam Retail	E-commerce	First-half 2020
Net sales	7,791	7,401	948	16,140
Other revenue	172	73	-	245
Total revenue	**7,963**	**7,474**	**948**	**16,385**

(€ millions)	France Retail	Latam Retail	E-commerce	First-half 2019 (restated)
Net sales	8,045	7,908	889	**16,842**
Other revenue	244	83	-	**327**
Total revenue	**8,289**	**7,991**	**889**	**17,169**

6.3 Expenses by nature and function

(€ millions)	Logistics costs[i]	Selling expenses	General and administrative expenses	First-half 2020
Employee benefits expense	(261)	(1,339)	(372)	(1,973)
Other expenses	(390)	(1,092)	(186)	(1,668)
Depreciation and amortisation (Notes 5.1/6.4)	(74)	(508)	(98)	(680)
Total	**(725)**	**(2,939)**	**(656)**	**(4,320)**

(€ millions)	Logistics costs[i]	Selling expenses	General and administrative expenses	First-half 2019 (restated)
Employee benefits expense	(261)	(1,440)	(403)	**(2,105)**
Other expenses	(381)	(1,159)	(199)	**(1,740)**
Depreciation and amortisation (Notes 5.1/6.4)	(69)	(505)	(93)	**(667)**
Total	**(711)**	**(3,105)**	**(695)**	**(4,512)**

(i) Logistics costs are reported under "Cost of goods sold".

6.4 Depreciation and amortisation

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

6.5 Other operating income and expenses

(€ millions)	First-half 2020	First-half 2019 (restated)
Total other operating income	**223**	50
Total other operating expenses	**(472)**	(336)
	(249)	**(286)**
Breakdown by type		
Gains and losses on disposal of non-current assets(i) (vi)	**45**	(6)
Net asset impairment losses(ii) (vi)	**(72)**	(98)
Net income/(expense) related to changes in scope of consolidation(iii) (vi)	**(74)**	(64)
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	**(102)**	**(168)**
Restructuring provisions and expenses(iv) (iii) (vi)	**(111)**	(66)
Provisions and expenses for litigation and risks(v)	**(30)**	(43)
Other	**(6)**	(8)
Sub-total	**(147)**	**(118)**
Total net other operating income (expenses)	**(249)**	**(286)**

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

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

(iii) 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). Other changes in scope of consolidation relate mainly to the France Retail and Latam Retail segments, representing €58 million and €14 million, respectively. In first-half 2019, the expense relating to the store optimisation plan in the France Retail segment, including employee costs, store closure costs, inventory reduction costs and impairment, totalled €40 million (of which €21 million corresponding to changes in scope and €19 million classified as restructuring costs).

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

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

(vi) Reconciliation of the breakdown of asset impairment losses:

(€ millions)	First-half 2020	First-half 2019 (restated)
Goodwill impairment losses	**(15)**	-
Impairment (losses) / reversals on intangible assets, net	**(7)**	(2)
Impairment (losses) / reversals on property, plant and equipment, net	**(18)**	(27)
Impairment (losses) / reversals on investment property, net	**-**	-
Impairment (losses) / reversals on right-of-use assets, net	**(8)**	(2)
Impairment (losses) / reversals on other assets, net (IFRS 5 and other)	**(49)**	(87)
Total net impairment losses	**(96)**	**(119)**
Net impairment losses of discontinued operations	**-**	5
Net impairment losses of continuing operations	**(96)**	**(114)**
o/w presented under “Restructuring provisions and expenses”	***(23)***	*(14)*
o/w presented under "Net asset impairment losses"	***(72)***	*(98)*
o/w presented under "Net income/(expense) related to changes in scope of consolidation"	***-***	*(1)*
o/w presented under "Gains and losses on disposal of non-current assets"	***(1)***	-

Note 7 Income taxes

The effective tax rate for the half-year ended 30 June 2020 was -3.9% versus 19.4% for first-half 2019. The tax proof is presented below:

(€ millions)	First-half 2020		First-half 2019 (restated)	
Profit (loss) before tax	**(314)**		**(125)**	
Theoretical income tax benefit / (expense)(i)	**101**	**-32.02%**	**40**	-32.02%
Reconciliation of the theoretical income tax benefit / (expense) to the actual income tax benefit / (expense)				
Impact of differences in foreign tax rates	**4**	**-1.1%**	(7)	5.6%
Recognition of previously unrecognised tax benefits on tax losses and other deductible temporary differences(ii)	**9**	**-2.9%**	11	-8.6%
Unrecognised deferred tax assets/valuation allowances on recognised deferred tax assets on tax loss carryforwards or other deductible temporary differences(iii)	**(22)**	**7.1%**	(26)	20.6%
Change in corporate tax rate(iv)	**(17)**	**5.4%**	-	-
CVAE net of income tax	**(21)**	**6.7%**	(22)	17.6%
Non-deductible interest expense(v)	**(14)**	**4.3%**	(4)	3.4%
Non-deductible asset impairment losses	**(19)**	**6.1%**	(21)	17.2%
Tax effect of Brazilian dividends(vi)	**-**	**-0.1%**	9	-7.5%
Other taxes on distributed earnings(vii)	**(4)**	**1.2%**	(10)	8.2%
Deductible interest on deeply-subordinated perpetual bonds	**6**	**-2.0%**	6	-4.5%
Reduced-rate asset disposals and changes in scope of consolidation	**(3)**	**0.9%**	3	-2.6%
Other	**(7)**	**2.4%**	(3)	2.2%
Actual income tax benefit (expense) / Effective tax rate	**12**	**-3.9%**	**(24)**	**19.4%**

(i) The reconciliation of the effective tax rate paid by the Group is based on the current French rate of 32.02% in 2020 and 2019.
(ii) In first-half 2020, this concerned the E-commerce segment for €6 million and the Latam Retail segment for €5 million. In first-half 2019, this mainly concerned the France Retail segment for €12 million.
(iii) In first-half 2020, this concerned the E-commerce segment for a negative €11 million and the France Retail segment for a negative €9 million. In first-half 2019, this concerned the E-commerce segment for a negative €15 million and the France Retail segment for a negative €7 million.
(iv) Corresponding mainly to the impact of adjusting the timing of recovery for deferred taxes.
(v) Tax laws in some countries cap the deductibility of interest paid by companies. The impact on the two periods presented essentially concerns the France scope.
(vi) Concerning dividends paid by Brazilian subsidiaries in the form of interest on equity in first-half 2019.
(vii) Corresponding to taxation of intra-group dividends.

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

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

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

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

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

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

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

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

On 5 March 2020, GPA entered into a sale-and-leaseback transaction with an investment fund concerning 43 property assets owned by GPA for a total price of BRL 1,246 million. Of this amount, BRL 528 million (€97 million) had been collected at 30 June 2020. On the closing date of the transaction, leases had been signed for a term of 15 years. These leases can be renewed once. As of 30 June 2020, 12 store properties had been sold and two assets with a non-material value had been ultimately excluded from the transaction.
On 22 July 2020, 16 other property assets were sold, representing a total of BRL 950 million in assets transferred. At that date, 13 assets remained to be sold for BRL 261 million, for which a downpayment of BRL 15 million will be paid on 30 July 2020. These assets are expected to be transferred on 30 August 2020.
In all, the sale-and-leaseback transaction will concern 41 properties and a total sale price of BRL 1,210 million.

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

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

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

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

Note 9 Financial structure and finance costs

9.1 Net cash and cash equivalents

(€ millions)	30 June 2020	31 December 2019
Cash equivalents	**935**	1,074
Cash	**1,272**	2,497
Cash and cash equivalents	**2,207**	**3,572**
Bank overdrafts	**(121)**	(101)
Net cash and cash equivalents	**2,086**	**3,471**

As of 30 June 2020, cash and cash equivalents are not subject to any material restrictions.

9.2 Loans and borrowings

9.2.1 Breakdown

Gross borrowings and debt amounted to €9,078 million at 30 June 2020 (31 December 2019: €9,649 million), breaking down as follows:

(€ millions)	Notes	30 June 2020			31 December 2019		
		Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds[i]		**5,687**	**773**	**6,460**	6,661	758	7,418
Other loans and borrowings		**1,639**	**978**	**2,617**	1,430	784	2,214
Fair value hedges – liabilities[ii]		**-**	**1**	**1**	10	8	17
Gross borrowings and debt		**7,326**	**1,752**	**9,078**	**8,100**	**1,549**	**9,649**
Fair value hedges – assets[iii]		**(91)**	**(74)**	**(165)**	(62)	(17)	(78)
Other financial assets[iv]		**(103)**	**(256)**	**(360)**	(54)	(288)	(342)
Loans and borrowings[vi]	**9.2.2**	**7,132**	**1,422**	**8,554**	**7,984**	**1,244**	**9,229**
of which France Retail		***4,790***	***367***	***5,157***	*5,425*	*139*	*5,563*
of which Latam Retail[v]		***2,342***	***670***	***3,012***	*2,560*	*806*	*3,366*
of which E-commerce		***-***	***385***	***385***	*-*	*299*	*299*
Net assets held for sale attributable to owners of the parent of the selling subsidiary	3.2	**-**	**(1,512)**	**(1,512)**	-	(1,604)	(1,604)
Cash and cash equivalents	9.1	**-**	**(2,207)**	**(2,207)**	-	(3,572)	(3,572)
of which France Retail				***(913)***			*(1,715)*
of which Latam Retail				***(1,285)***			*(1,778)*
of which E-commerce				***(9)***			*(78)*
Cash and cash equivalents and net assets held for sale		**-**	**(3,720)**	**(3,720)**	**-**	**(5,175)**	**(5,175)**
NET DEBT		**7,132**	**(2,298)**	**4,834**	**7,984**	**(3,931)**	**4,053**
of which France Retail				***2,821***			*2,282*
of which Latam Retail				***1,636***			*1,550*
of which E-commerce				***376***			*221*

(i) Of which bond issues totalling €4,609 million in France and €1,851 million at GPA at 30 June 2020 (31 December 2019: of which bond issues totalling €4,850 million in France and €2,568 million at GPA).
(ii) Including €11 million in France and €7 million in Brazil at 31 December 2019.
(iii) Including €96 million in France and €69 million in Brazil at 30 June 2020 (31 December 2019: €66 million in France and €13 million in Brazil).
(iv) Including mainly €236 million placed in escrow account and guarantee (of which €186 million in respect of the RCF refinancing – Note 9.6) and €61 million of financial assets arising from a significant disposal of non-current assets at 30 June 2020 (31 December 2019: €257 million placed in escrow and posted as collateral [of which €193 million in respect of the RCF refinancing] and €60 million in financial assets arising from a significant disposal of non-current assets).
(v) Including Segisor in an amount of €195 million at 30 June 2020 and 31 December 2019.
(vi) The Group defines "Loans and borrowings" as gross borrowings and debt adjusted for fair value hedges (assets) and other financial assets. This indicator is used to calculate the covenants included in the new revolving credit facility (RCF).

9.2.2 Change in financial liabilities

(€ millions)	First-half 2020	2019
Gross borrowings and debt at 1 January	***9,649***	*8,980*
Fair value hedges – assets	***(78)***	*(101)*
Other financial assets	***(342)***	*(86)*
Loans and borrowings at beginning of period	**9,229**	**8,794**
New borrowings(i) (iii) (vii)	**1,064**	4,542
Repayments of borrowings(ii) (iii) (vii)	**(837)**	(3,701)
Change in fair value of hedged debt	**(5)**	86
Change in accrued interest	**(63)**	26
Foreign currency translation adjustments(iv)	**(915)**	(63)
Changes in scope of consolidation(v)	**(20)**	(135)
Reclassification of financial liabilities associated with non-current assets held for sale	**69**	(13)
Change in other financial assets	**18**	(256)
Other and reclassifications(vi)	**14**	(51)
Loans and borrowings at end of period	**8,554**	**9,229**
Gross borrowings and debt at end of period (Note 9.2.1)	***9,078***	*9,649*
Fair value hedges – assets (Note 9.2.1)	***(165)***	*(78)*
Other financial assets (see Note 9.2.1)	***(360)***	*(342)*

(i) New borrowings in first-half 2020 primarily include the following: (a) a BRL 2,000 million (€369 million) bond issue and new bank loans for BRL 1,424 million (€263 million) at GPA, and (b) drawdowns on lines of credit by Éxito for COP 1,525 billion (€375 million).
New borrowings in 2019 mainly included the following: (a) a bond issue by Quatrim, a wholly-owned subsidiary of Casino, Guichard-Perrachon, and an issue by Casino, Guichard-Perrachon of a term loan placed with investors ("Term Loan B") for a total amount of €1,800 million in November 2019; and (b) issues by the GPA sub-group of BRL 8,000 million (€1,812 million) in bonds, primarily following efforts to simplify the Group's structure in Latin America at end-2019, BRL 1,600 million (€362 million) in promissory notes, and BRL 2,168 million (€491 million) in loans taken out with banks.

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

(iii) In first-half 2020, cash flows relating to financing activities can be summarised as a net disbursement of €63 million, consisting of repayments of borrowings for €837 million and net interest paid (excluding interests on lease liabilities) for €290 million (Note 4.9), offset by new borrowings in an amount of €1,064 million.
In 2019, cash flows relating to financing activities could be summarised as a net inflow of €488 million, consisting of repayments of borrowings for €3,694 million and net interest paid (excluding interests on lease liabilities) for €361 million (Note 4.9), offset by new borrowings in an amount of €4,542 million.

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

(v) Including €21 million in first-half 2020 related to total return swaps (TRS) on Mercialys shares (Note 3.1.1).
In 2019, including €97 million and €50 million related to total return swaps (TRS) on Mercialys (Note 3.1.2) and Via Varejo shares respectively. The 2019 TRS on Via Varejo was unwound in June 2019.

(vi) In 2019, including a €20 million reduction in bank overdrafts.

(vii) Changes in negotiable European commercial paper ("NEU CP") are presented net in this table.

9.3 Net financial income/(expense)

9.3.1 Net finance costs

(€ millions)	First-half 2020	First-half 2019 (restated)
Gains (losses) on disposals of cash equivalents	-	-
Income from cash and cash equivalents	**9**	11
Income from cash and cash equivalents	**9**	**11**
Interest expense on borrowings after hedging[i]	**(197)**	(166)
Finance costs	**(197)**	**(166)**
Net finance costs	**(188)**	**(156)**
of which France Retail	*(125)*	*(71)*
of which Latam Retail	*(58)*	*(80)*
of which E-commerce	*(5)*	*(5)*

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

9.3.2 Other financial income and expenses

(€ millions)	First-half 2020	First-half 2019 (restated)
Total other financial income	**87**	**105**
Total other financial expenses	**(350)**	**(243)**
Net foreign currency exchange gains (losses) (other than on borrowings) [i]	**(14)**	(5)
Gains (losses) on remeasurement at fair value of non-hedging derivative instruments[ii]	**(70)**	43
Gains (losses) on remeasurement at fair value of financial assets	**(3)**	(6)
Interest expense on lease liabilities	**(138)**	(131)
Non-recourse factoring and associated transaction costs	**(32)**	(36)
Impact of applying IAS 29 to operations in Argentina	**(2)**	(4)
Other	**(4)**	1
Total net other financial expense	**(264)**	**(139)**

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

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

9.4 Fair value of financial instruments

The tables below compare the carrying amount and fair value of consolidated financial assets and liabilities, other than those for which the carrying amount corresponds to a reasonable approximation of fair value such as trade receivables, trade payables, contract assets and liabilities, and cash and cash equivalents.

As at 30 June 2020 (€ millions)	**Carrying amount**	**Fair value**	**Fair value hierarchy: Market price = Level 1**	**Models with observable inputs = Level 2**	**Models with unobservable inputs = Level 3**
Assets	**304**	**304**	**45**	**220**	**39**
Financial assets at fair value through profit or loss(i)	75	75	36	-	39
Financial assets at fair value through other comprehensive income(i)	54	54	9	45	-
Fair value hedges – assets(ii)	165	165	-	165	-
Cash flow hedges and net investment hedges – assets(ii)	3	3	-	3	-
Other derivative instruments – assets	7	7	-	7	-
Liabilities	**13,632**	**13,231**	**4,320**	**8,730**	**181**
Bonds(iii)	6,460	6,085	4,320	1,765	-
Other borrowings(iv)	2,617	2,591	-	2,591	-
Lease liabilities	4,305	4,305	-	4,305	-
Fair value hedges – liabilities(ii)	1	1	-	1	-
Cash flow hedges and net investment hedges – liabilities(ii)	57	57	-	57	-
Other derivative instruments – liabilities(ii)	11	11	-	11	-
Put options granted to owners of non-controlling interests(v)	181	181	-	-	181

At 31 December 2019 (€ millions)	**Carrying amount**	**Fair value**	**Fair value hierarchy: Market price = Level 1**	**Models with observable inputs = Level 2**	**Models with unobservable inputs = Level 3**
Assets	**161**	**161**	**6**	**108**	**47**
Financial assets at fair value through profit or loss(i)	41	41	1	-	41
Financial assets at fair value through other comprehensive income(i)	27	27	5	22	-
Fair value hedges – assets(ii)	78	78	-	78	-
Cash flow hedges and net investment hedges – assets(ii)	1	1	-	1	-
Other derivative instruments – assets	13	13	-	6	7
Liabilities	**14,719**	**14,402**	**4,687**	**9,548**	**167**
Bonds(iii)	7,418	7,102	4,687	2,416	-
Other borrowings(iv)	2,214	2,213	-	2,213	-
Lease liabilities	4,676	4,676	-	4,676	-
Fair value hedges – liabilities(ii)	17	17	-	17	-
Cash flow hedges and net investment hedges – liabilities(ii)	41	41	-	41	-
Other derivative instruments – liabilities(ii)	186	186	-	186	-
Put options granted to owners of non-controlling interests(v)	166	166	-	-	166

(i) Financial assets recognised at fair value are generally measured using standard valuation techniques. If their fair value cannot be determined reliably, they are not included in this note.
(ii) 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.
(iii) The fair value of bonds is based on the latest quoted price on the reporting date.
(iv) 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.
(v) 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 profit multiples.

9.5 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: Up to one month past due	Between one and six months past due	More than six months past due	Total past-due trade receivables	Total
30 June 2020						
Trade receivables	**594**	**48**	**118**	**159**	**325**	**919**
Allowance for lifetime expected losses	**(7)**	**(3)**	**(23)**	**(79)**	**(105)**	**(112)**
Total, net	**587**	**45**	**95**	**79**	**220**	**807**
At 31 December 2019						
Trade receivables	579	79	120	162	361	940
Allowance for lifetime expected losses	(3)	(11)	(15)	(75)	(101)	(104)
Total, net	**576**	**68**	**105**	**86**	**260**	**836**

9.6 Liquidity risk

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

At 30 June 2020, the Group's liquidity position comprised:
- confirmed, undrawn lines of credit for a total of €2,420 million (of which a non-current portion of €2,133 million for France);
- cash and cash equivalents totalling €2,207 million (of which €922 million available in France);
- €186 million held in escrow in France in connection with the RCF refinancing.

Casino, Guichard-Perrachon had the following financing facilities at 30 June 2020 (France Retail):
- unsecured bonds for €3,622 million;
- secured high-yield bonds for €800 million;
- Term Loan B for €1,000 million.

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

Management of short-term debt

As well as its aforementioned NEU CP financing, the Group carries out non-recourse discounting without continuing involvement, within the meaning of IFRS 7, as well as reverse factoring.
At 30 June 2020, trade payables totalling €862 million had been reverse factored, including €427 million in France Retail payables, €408 million in Latam Retail payables and €27 million in E-commerce payables. At 31 December 2019, trade payables totalling €1,594 million had been reverse factored, including €445 million in France Retail payables, €1,092 million in Latam Retail payables and €57 million in E-commerce payables.

Management of medium- and long-term debt

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

The Group also raised funds in two transactions carried out in November 2019 in the form of a €1 billion secured term loan and an €800 million secured bond issue.

Casino, Guichard-Perrachon debt covenants at 30 June 2020

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

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

(1) Debt as defined in the loan agreements reflects loans and borrowings for the France Retail and E-commerce segments as presented in Note 9.2.1, and certain GPA holding companies reported in the Latam segment (notably Segisor).
(2) EBITDA as defined in the loan agreements reflects trading profit/loss for the France Retail and E-commerce segments, adjusted for (i) net depreciation, amortisation and provision expense, (ii) repayments of lease liabilities, and (iii) interest expense on lease liabilities.
(3) 7.50x at 30 June 2020, 7.25x at 30 September 2020, 5.75x at 31 December 2020, 6.50x at 31 March 2021, 6.00x at 30 June 2021 and 30 September 2021, and 4.75x as from 31 December 2021.

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

Note 10 Equity

10.1 Share capital and treasury shares

At 30 June 2020, the Company's share capital amounts to €165,892,132 and is composed of 108,426,230 ordinary shares issued and fully paid (unchanged from 31 December 2019). The shares have a par value of €1.53.

At 30 June 2020, a total of 658,790 shares were held in treasury, representing €22 million (31 December 2019: 830,257 shares representing €28 million). The shares were purchased primarily for allocation upon exercise of the rights under free share plans. In addition, 16,746 treasury shares were held under the liquidity agreement at that date, representing €1 million (31 December 2019: 0 shares).

In total, 675,536 million treasury shares were held by the Group at 30 June 2020, representing €23 million.

Purchases and sales of treasury shares during first-half 2019 led to a €58 million reduction in equity, also corresponding to the net cash outflow for the period (including mainly €40 million in respect of shares purchased by Casino for cancellation and €18 million reflecting the movement in the number of treasury shares held under the liquidity agreement between 31 December 2018 and 30 June 2019).

Vesa Equity Investment

On 20 January 2020, Vesa Equity Investment announced that it had crossed the 5%-threshold of Casino, Guichard-Perrachon’s share capital to hold 5.64% of the capital. On 16 June 2020, it held 4.85% of the Company’s capital.

10.2 Breakdown of other reserves

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation adjustments	Actuarial gains and losses	Equity instruments(i)	Debt instruments(i)	Total other reserves
At 1 January 2019	**(8)**	**(1)**	**(2,326)**	**(107)**	**(2)**	**(2)**	**(2,446)**
Movements for the period	(23)	-	(59)	(11)	(2)	1	(94)
At 31 December 2019	**(32)**	**(1)**	**(2,385)**	**(118)**	**(3)**	**(1)**	**(2,540)**
Movements for the period	(12)	-	(469)(ii)	2	-	-	(480)
At 30 June 2020	**(44)**	**(1)**	**(2,855)**	**(116)**	**(3)**	**(1)**	**(3,020)**

(i) Financial instruments at fair value through other comprehensive income.
(ii) The €469 million negative net translation adjustment in first-half 2020 arose primarily from the depreciation of the Brazilian real for €373 million and the Columbian peso for €79 million.

10.3 Non-controlling interests

SUMMARISED FINANCIAL INFORMATION ON THE MAIN SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The information presented in the table below is based on the IFRS financial statements, adjusted where applicable to reflect the remeasurement at fair value on the date of acquisition or loss of control, and to align accounting policies with those applied by the Group. The amounts are shown before intragroup eliminations.

(€ millions)	GPA(i)	
	2020	**2019 (restated)**
Country	***Brazil***	
For the first half-year		
Net sales	**7,393**	7,902
Net profit from continuing operations	**63**	50
Net profit from discontinued operations	**10**	20
Consolidated net profit	**73**	70
Attributable to non-controlling interests in continuing operations	***43***	*49*
Attributable to non-controlling interests in discontinued operations	***6***	*15*
Other comprehensive income (loss)	**(976)**	112
Total comprehensive income (loss) for the period	**(903)**	182
Attributable to non-controlling interests	***(651)***	*124*
Net cash used in operating activities	**(250)**	(949)
Net cash from (used in) investing activities	**(102)**	186
Net cash from (used in) financing activities	**239**	(301)
Effect of changes in exchange rates on cash and cash equivalents	**(398)**	113
Change in cash and cash equivalents	**(510)**	**(951)**
Dividends paid to the Group(ii)	***12***	*30*
Dividends paid to owners of non-controlling interests during the period(ii)	***28***	*42*
At 30 June 2020 and 31 December 2019		
% of ownership interests held by non-controlling interests(iii)	***58.7%***	*58.7%*
% of voting rights held by non-controlling interests(iii)	***58.7%***	*0.06%*
Non-current assets	**8,606**	10,863
Current assets	**3,537**	4,428
Non-current liabilities	**(4,138)**	(4,670)
Current liabilities	**(3,611)**	(5,148)
Net assets	**4,395**	**5,472**
Attributable to non-controlling interests	***2,806***	*3,456*
Average % of ownership interests held by the Group in the first half-year(iii)	***41.3%***	*33.1%*
% of ownership interests held by the Group at 30 June(iii)	***41.3%***	*33.1%*

(i) GPA including Éxito, Uruguay and Argentina.
(ii) GPA has an obligation to pay out 25% of annual net profit in dividends.
(iii) The percentages of non-controlling interests set out in this table cover the scope of Casino Group and do not include the Group's own non-controlling interests in sub-groups. At 31 December 2019, Casino held 99.9% of GPA's voting rights and 41.3% of its capital. Since GPA was first listed on the B3 listing segment of Brazil's Novo Mercado on 2 March 2020, its share capital has comprised a single share class. At 30 June 2020, Casino holds 41.3% of the capital and voting rights of GPA, which is fully consolidated in the Group's consolidated financial statements. Full consolidation results from the Group's assessment that it has *de facto* control of GPA owing to the fact that (i) the remaining shares of GPA are held by widely-dispersed shareholders and (ii) a majority of Casino members have been appointed to GPA's Board of Directors.

10.4 Dividends

The Annual General Meeting of 17 June 2020 approved the decision not to pay any dividend in 2020 in respect of 2019. Decisions on future payouts will be taken in light of the Group's financial position, and will take account of the interests of the Company and compliance with its loan and bond agreements.

The coupon payable on deeply-subordinated perpetual bonds is as follows:

(€ millions)	First-half 2020	First-half 2019
Coupons payable on deeply-subordinated perpetual bonds (impact on equity)	**34**	**39**
of which amount paid during the period	30	37
of which amount payable in the following period	4	3
Impact on the statement of cash flows for the period	**33**	**42**
of which coupons awarded and paid during the period	30	37
of which coupons awarded in the prior year and paid during the period	3	6

Note 11 Other provisions

11.1 Breakdown of provisions and movements

(€ millions)	1 January 2020	Additions 2020	Reversals (used) 2020	Reversals (not used) 2020	Changes in scope of consolidation	Effect of movements in exchange rates	Other	30 June 2020
Claims and litigation	444	32	(17)	(14)	-	(108)	-	**337**
Other risks and expenses	117	34	(28)	(9)	3	(1)	8	**126**
Restructuring	50	28	(28)	3	-	-	(13)	**40**
Total provisions	**611**	**94**	**(74)**	**(20)**	**3**	**(108)**	**(4)**	**502**
of which non-current	*458*	*29*	*(18)*	*(14)*	*3*	*(108)*	*(29)*	***322***
of which current	*153*	*65*	*(56)*	*(6)*	*-*	*(1)*	*24*	***180***

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 €337 million and include €301 million for GPA (Note 11.2). Of this amount, additions to provisions amounted to €24 million, reversals of used provisions €14 million, and reversals of surplus provisions €14 million.

11.2 Breakdown of GPA provisions for claims and litigation

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

(i) VAT and similar taxes.
(ii) Indirect taxes (mainly ICMS tax on sales and services in Brazil).

In the context of the litigation disclosed above and below in Note 11.3, GPA is contesting the payment of certain taxes, contributions and payroll obligations. The legal deposits paid by GPA pending final rulings from the administrative courts on these various disputes are included in “Other non-current assets”. GPA has also provided various guarantees in addition to these bonds, reported as off-balance sheet commitments.

(€ millions)	First-half 2020			2019		
	Legal deposits paid	Assets pledged as collateral	Bank guarantees	Legal deposits paid	Assets pledged as collateral	Bank guarantees
Tax disputes	**33**	**123**	**1,685**	53	187	2,029
Employee disputes	**76**	**-**	**127**	105	-	119
Civil and other litigation	**11**	**2**	**87**	18	3	104
Total	**119**	**124**	**1,899**	**176**	**189**	**2,252**

11.3 Contingent assets and liabilities

In the normal course of its business, the Group is involved in a number of legal or arbitration proceedings with third parties or with the tax authorities in certain countries (mainly involving GPA – see below).

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

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

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

On 11 April 2017, the common purchasing entity INCA Achats, and its parent companies Intermarché and Casino, were prosecuted for economic imbalance and abusive commercial practices that allegedly took place in 2015 against 13 multinational companies in the hygiene and fragrance industry, with a fine of €2 million.
These proceedings are in progress. The Group considers that it complied with the applicable regulations in its negotiations with the suppliers concerned by the proceedings. Consequently, no provision has been set aside for these matters.

Moreover, the Group is subject to regular inquiries by the French and European competition authorities.
In early February 2017, representatives of France's Competition Authority raided the premises of Vindémia Logistique and Vindémia Group and seized certain documents concerning their consumer goods supply and distribution activities on Reunion Island.
The Competition Authority has not issued a complaint at this stage. The Group is not currently able to predict the outcome of the investigation.

At the end of February 2017, representatives of the European Commission raided the premises of Casino, Guichard-Perrachon Achats Marchandises Casino – A.M.C. (formerly E.M.C. Distribution) and Intermarché-Casino Achats (INCA-A), in connection with an investigation into fast-moving consumer goods supply contracts, contracts for the sale of services to manufacturers of branded products and contracts for the sale of fast-moving consumer goods to consumers.

In May 2019, representatives of the European Commission conducted additional raids of the premises of the same companies (except for INCA-A, which has since ceased operations and is in the process of being liquidated).
The European Commission has not issued any complaint at this stage. Applications filed by Casino Group to contest the legitimacy of the European Commission's series of raids are pending before the General Court of the European Union. The Group is not currently able to predict the outcome of this matter.

In June 2018, after giving notice in accordance with French law No. 2015-990 of 6 August 2015, the French Competition Authority launched an informal investigation into the creation of joint purchasing organisations in the food retailing sector. The investigation concerns in particular the Horizon central purchasing organisation set up between Auchan, Casino, Metro and Schiever. It is still in progress.

- ### Arbitration between GPA and Peninsula

On 12 September 2017, GPA received a request for arbitration from Fundo de Investimento Inmobiliáro Península ("Península") in order to discuss the calculation of rental charges and other operational matters related to leasing agreements concerning stores owned by Peninsula and operated by GPA. The agreements have a duration of 20 years as from 2005 and are renewable for another 20-year period at the sole discretion of GPA. They set out the method for calculating rental charges.

Despite the discussions concerning application of the lease terms, the request for arbitration has no impact on the operation of the leased stores, which is contractually guaranteed. At this stage of the arbitration process, it is not possible to make a reasonable estimate of the related risk. Based on the opinion of its legal advisors, the Company considers as possible the risk of an unfavourable ruling by the arbitral tribunal.

- ### Dispute between Cnova and Via Varejo

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

In September 2019, Via Varejo notified Cnova of a guarantee call for an undocumented amount of around BRL 65 million (€11 million), concerning litigation with employees and customers. Following this notification, Cnova and Via Varejo exchanged information in order to determine the substance and, where appropriate, the scope of the compensation claim. In light of the extensive analyses currently in progress and the discussions that are likely to result from the analyses, Cnova is unable to determine the extent of its exposure to this risk.

On 20 July 2020, Cnova received notification that Via Varejo had commenced arbitration proceedings. To date, no further information has been provided in connection with the arbitration proceedings and Cnova therefore continues to be unable to determine the extent of the risk and/or of its liability, if any.

- ### GPA tax, social and civil contingent liabilities

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

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. At 30 June 2020, the estimated amount of these fees was €33 million (31 December 2019: €44 million).

Moreover, Casino has given a specific guarantee to its Brazilian subsidiary concerning notifications of tax adjustments received from the tax administration, for a total amount of BRL 1,423 million at 30 June 2020 (31 December 2019: BRL 1,409 million), including penalties and interest. Under the terms of the guarantee, Casino has undertaken to indemnify GPA for 50% of any damages incurred, provided those damages are definitive. Based on the commitment given by Casino to its subsidiary, the risk exposure amounts to BRL 712 million (€116 million) (31 December 2019: BRL 705 million, representing €156 million). As the risks of liability are only considered possible, Casino has not recognised a provision in its financial statements for this amount.

- ### GPA contingent assets

Exclusion of ICMS from the PIS/COFINS tax base

Since the adoption of non-cumulative regime to calculate PIS and COFINS tax credits, GPA has challenged the right to deduct ICMS taxes from the calculation basis for PIS and COFINS taxes. GPA's position was supported by a Brazilian federal supreme court (STF) ruling on 15 March 2017 that the ICMS tax should be excluded from the PIS and COFINS tax base.

Since the supreme court's ruling on 15 March 2017, the procedure has continued in line with the expectations of GPA and its advisors, without GPA's judgement being called into question concerning the reversal of the provisions, although the court has not yet handed down its final decision. GPA and its external legal advisors believe that this decision concerning the application method will not limit its rights under the legal proceedings brought since 2003 which are still in progress. However, an asset cannot be recognised for the tax credits until all the stages in the procedure have been completed. GPA estimates that these tax credits represent a potential asset of BRL 1,198 million (€196 million) at 30 June 2020.

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

Note 12 Related-party transactions

Casino, Guichard-Perrachon is controlled by Rallye, which in turn is owned by Foncière Euris. At 30 June 2020, the Rallye group held 52.3% of the Company's capital and 63.7% of the voting rights (based on the actual number of voting rights held excluding treasury shares). On 17 July 2020, the Rallye group crossed below the statutory threshold of 50% of Casino, Guichard-Perrachon’s capital, holding 43.6% of its capital and 56.5% of the voting rights.

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Company and its subsidiaries receive strategic advice from Euris, the ultimate holding company, under strategic advice and assistance agreements. The Company also receives other recurring services from Euris and Foncière Euris (provision of staff and premises). These relations have not changed compared with the previous period. The amount expensed over the period in relation to these agreements with Casino and its subsidiaries totalled €1.9 million, of which €1.7 million for strategic advisory services and €0.3 million for the provision of staff and premises.

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

Transactions with associates and joint ventures are discussed in Note 3.3.2.

CASINO GUICHARD PERRACHON

Société anonyme

1 COURS ANTOINE GUICHARD,

ST ETIENNE 42000

Statutory Auditors' Review Report on the Half-yearly Financial Information

Period from January 1 to June 30, 2020

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense Cedex
S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre

CASINO GUICHARD PERRACHON

Société anonyme
1 COURS ANTOINE GUICHARD,
ST ETIENNE 42000

Statutory Auditors' Review Report on the Half-yearly Financial Information

Period from January 1 to June 30, 2020

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

To the Shareholders,

In compliance with the assignment entrusted to us by the general meeting of shareholders 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 Casino, Guichard-Perrachon, for the period from January 1 to June 30, 2020,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - 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 commenting the condensed half-yearly consolidated financial statements subject to our review prepared on July 29, 2020.

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

Paris-La Défense, July 30, 2020

The Statutory Auditors

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres	
Frédéric Moulin	Patrice Choquet	Yvon Salaün	Alexis Hurtrel

CASINO, GUICHARD-PERRACHON

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2019

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FINANCIAL STATEMENTS

Consolidated income statement

(€ millions)	Notes	2019	2018 (restated)[i]
CONTINUING OPERATIONS			
Net sales	5/6.1	**34,645**	34,329
Other revenue	6.1	**665**	533
Total revenue	**6.1**	**35,310**	**34,862**
Cost of goods sold	6.2	**(26,547)**	(25,899)
Gross margin	**5.1**	**8,764**	**8,963**
Selling expenses	6.3	**(6,100)**	(6,244)
General and administrative expenses	6.3	**(1,371)**	(1,355)
Trading profit	**5.1**	**1,292**	**1,364**
As a % of net sales		***3.7%***	*4.0%*
Other operating income	6.5	**61**	350
Other operating expenses	6.5	**(779)**	(751)
Operating profit		**574**	**962**
As a % of net sales		***1.7%***	*2.8%*
Income from cash and cash equivalents	11.3.1	**39**	37
Finance costs	11.3.1	**(396)**	(356)
Net finance costs	**11.3.1**	**(356)**	**(320)**
Other financial income	11.3.2	**265**	122
Other financial expenses	11.3.2	**(659)**	(478)
Profit/(loss) before tax		**(176)**	**286**
As a % of net sales		***-0.5%***	*0.8%*
Income tax expense	9.1	**(137)**	(188)
Share of profit of equity-accounted investees	3.3.3	**46**	60
Net profit/(loss) from continuing operations		**(268)**	**159**
As a % of net sales		***-0.8%***	*0.5%*
Attributable to owners of the parent		**(384)**	(60)
Attributable to non-controlling interests		**116**	218
DISCONTINUED OPERATIONS			
Net profit/(loss) from discontinued operations	**3.5.2**	**(1,054)**	**(32)**
Attributable to owners of the parent	3.5.2	**(1,048)**	(57)
Attributable to non-controlling interests	3.5.2	**(6)**	25
CONTINUING AND DISCONTINUED OPERATIONS			
Consolidated net profit/(loss)		**(1,322)**	**127**
Attributable to owners of the parent		**(1,432)**	(117)
Attributable to non-controlling interests	12.8	**110**	244

Earnings per share

(€)	Notes	2019	2018 (restated)[i]
From continuing operations, attributable to owners of the parent	**12.10.2**		
▪ Basic		**(3.90)**	(1.00)
▪ Diluted		**(3.90)**	(1.00)
From continuing and discontinued operations, attributable to owners of the parent	**12.10.2**		
▪ Basic		**(13.61)**	(1.52)
▪ Diluted		**(13.61)**	(1.52)

(i) Previously published comparative information has been restated to reflect changes in accounting methods (relating mainly to IFRS 16 – *Leases*) and the reclassification of Leader Price within discontinued operations (Note 1.3).

Consolidated statement of comprehensive income

(€ millions)	2019	2018 (restated)[(i)]
Consolidated net profit/(loss)	**(1,322)**	**127**
Items that may subsequently be reclassified to profit or loss	**(128)**	**(775)**
Cash flow hedges and cash flow hedge reserve[(i)]	***(27)***	19
Foreign currency translation adjustments[(iii)]	**(110)**	(779)
Debt instruments at fair value through other comprehensive income (OCI)	***6***	2
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	**(4)**	(10)
Income tax effects	***6***	(6)
Items that will never be reclassified to profit or loss	**(14)**	**(13)**
Equity instruments at fair value through other comprehensive income	**(1)**	(2)
Actuarial gains and losses	**(18)**	(15)
Share of items of equity-accounted investees that will never be subsequently reclassified to profit or loss	**(1)**	(2)
Income tax effects	**6**	6
Other comprehensive income/(loss) for the year, net of tax	**(142)**	**(788)**
Total comprehensive income/(loss) for the year, net of tax	**(1,464)**	**(661)**
Attributable to owners of the parent	***(1,526)***	*(449)*
Attributable to non-controlling interests	***61***	*(211)*

(i) Previously published comparative information has been restated to reflect changes in accounting methods, relating mainly to IFRS 16 – *Leases* (Note 1.3).
(ii) The change in the cash flow hedge reserve was not material in either 2019 or 2018.
(iii) The €110 million negative net translation adjustment in 2019 arose primarily from the depreciation of the Brazilian, Argentine and Uruguayan currencies, for €70 million, €57 million and €54 million respectively, partially offset by the appreciation of the Colombian peso for €68 million. The €779 million negative net translation adjustment in 2018 mainly concerned the depreciation of the Brazilian and Colombian currencies, for €678 million and €43 million, respectively.

Changes in other comprehensive income are presented in Note 12.7.2.

Consolidated statement of financial position

ASSETS (€ millions)	Notes	31 December 2019	31 December 2018 (restated)(i)	1 January 2018 (restated)(i)
Goodwill	10.1	**7,489**	8,682	9,092
Intangible assets	10.2	**2,296**	2,265	2,266
Property, plant and equipment	10.3	**5,113**	5,843	7,325
Investment property	10.4	**493**	497	494
Right-of-use assets	7.1.1	**4,837**	4,592	4,491
Investments in equity-accounted investees	3.3.3	**341**	500	563
Other non-current assets	6.9	**1,183**	1,151	1,091
Deferred tax assets	9.2.1	**772**	667	619
Total non-current assets		**22,524**	**24,197**	**25,942**
Inventories	6.6	**3,775**	3,834	3,806
Trade receivables	6.7	**836**	905	888
Other current assets	6.8	**1,536**	1,383	1,231
Current tax assets		**111**	165	138
Cash and cash equivalents	11.1	**3,572**	3,730	3,391
Assets held for sale	3.5.1	**2,491**	8,433	7,549
Total current assets		**12,320**	**18,450**	**17,003**
TOTAL ASSETS		**34,844**	**42,647**	**42,945**

EQUITY AND LIABILITIES (€ millions)	Notes	31 December 2019	31 December 2018 (restated)(i)	1 January 2018 (restated)(i)
Share capital	12.2	**166**	168	170
Additional paid-in capital, treasury shares, retained earnings and consolidated net profit/(loss)		**4,602**	6,333	7,227
Equity attributable to owners of the parent		**4,767**	**6,501**	**7,397**
Non-controlling interests	**12.8**	**3,523**	**5,208**	**5,373**
Total equity	**12**	**8,291**	**11,709**	**12,770**
Non-current provisions for employee benefits	8.2	**357**	366	358
Other non-current provisions	13.1	**458**	481	514
Non-current borrowings and debt, gross	11.2	**8,100**	6,782	7,202
Non-current lease liabilities	7.1.1	**3,937**	3,560	3,485
Non-current put options granted to owners of non-controlling interests	3.4.1	**61**	63	28
Other non-current liabilities	6.10	**181**	464	478
Deferred tax liabilities	9.2.2	**566**	667	740
Total non-current liabilities		**13,661**	**12,384**	**12,806**
Current provisions for employee benefits	8.2	**11**	11	11
Other current provisions	13.1	**153**	160	167
Trade payables		**6,580**	6,668	6,644
Current borrowings and debt, gross	11.2	**1,549**	2,199	1,475
Current lease liabilities	7.1.1	**740**	677	665
Current put options granted to owners of non-controlling interests	3.4.1	**105**	126	143
Current tax liabilities		**48**	124	88
Other current liabilities	6.10	**2,839**	2,613	2,483
Liabilities associated with assets held for sale	3.5.1	**867**	5,977	5,693
Total current liabilities		**12,892**	**18,554**	**17,369**
TOTAL EQUITY AND LIABILITIES		**34,844**	**42,647**	**42,945**

(i) Previously published comparative information has been restated to reflect changes in accounting methods, relating mainly to IFRS 16 – *Leases* (Note 1.3).

Consolidated statement of cash flows

(€ millions)	Notes	2019	2018 (restated)(i)
Profit before tax from continuing operations		**(176)**	**286**
Profit/(loss) before tax from discontinued operations	3.5.2	**(979)**	27
Consolidated profit/(loss) before tax		**(1,156)**	**314**
Depreciation and amortisation expense	6.4	**1,348**	1,305
Provision and impairment expense	4.1	**241**	266
Losses/(gains) arising from changes in fair value	11.3.2	**40**	45
Expenses/(income) on share-based payment plans	8.3.1	**13**	21
Other non-cash items		**(58)**	61
(Gains)/losses on disposals of non-current assets	4.4	**9**	(232)
(Gains)/losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		**11**	(12)
Dividends received from equity-accounted investees	3.3.1 /3.3.2	**43**	55
Net finance costs	11.3.1	**356**	320
Interest paid on leases, net	11.3.2	**268**	218
Non-recourse factoring and associated transaction costs	11.3.2	**77**	81
Gain on disposal of discontinued operations	3.5.2	**121**	(17)
Adjustments related to discontinued operations		**856**	316
Net cash from operating activities before change in working capital, net finance costs and income tax		**2,169**	**2,740**
Income tax paid		**(259)**	(236)
Change in operating working capital	4.2	**92**	(117)
Income tax paid and change in operating working capital: discontinued operations		**(882)**	214
Net cash from operating activities		**1,120**	**2,601**
of which continuing operations		***2,004***	***2,061***
Cash outflows related to acquisitions of:			
▪ Property, plant and equipment, intangible assets and investment property	4.3	**(1,107)**	(1,188)
▪ Non-current financial assets	4.11	**(440)**	(48)
Cash inflows related to disposals of:			
▪ Property, plant and equipment, intangible assets and investment property	4.4	**890**	1,230
▪ Non-current financial assets		**68**	26
Effect of changes in scope of consolidation resulting in acquisition or loss of control	4.5	**218**	(66)
Effect of changes in scope of consolidation related to equity-accounted investees	4.6	**(39)**	170
Change in loans and advances granted		**(42)**	(21)
Net cash from/(used in) investing activities of discontinued operations		**422**	(203)
Net cash used in investing activities		**(32)**	**(99)**
of which continuing operations		***(453)***	***104***
Dividends paid:			
▪ to owners of the parent	12.9	**(169)**	(338)
▪ to non-controlling interests	4.7	**(83)**	(104)
▪ to holders of deeply-subordinated perpetual bonds	12.9	**(46)**	(48)
Increase/(decrease) in the parent's share capital		**-**	-
Transactions between the Group and owners of non-controlling interests	4.8	**(971)**	231
(Purchases)/sales of treasury shares	12.4	**(40)**	(103)
Additions to loans and borrowings	4.9	**4,542**	1,543
Repayments of loans and borrowings	4.9	**(3,694)**	(1,330)
Repayments of lease liabilities		**(701)**	(614)
Interest paid, net	4.10	**(617)**	(629)
Other repayments		**(12)**	(3)
Net cash used in financing activities of discontinued operations		**(297)**	(400)
Net cash used in financing activities		**(2,088)**	**(1,796)**
of which continuing operations		***(1,792)***	***(1,396)***
Effect of changes in exchange rates on cash and cash equivalents of continuing		**(3)**	(232)
Effect of changes in exchange rates on cash and cash equivalents of discontinued		**19**	(96)
Change in cash and cash equivalents	**4.9**	**(984)**	**377**
Net cash and cash equivalents at beginning of period		**4,514**	**4,137**
- of which net cash and cash equivalents of continuing operations	11.1	3,592	3,236
- of which net cash and cash equivalents of discontinued operations		922	901
Net cash and cash equivalents at end of period		**3,530**	**4,514**
- of which net cash and cash equivalents of continuing operations	11.1	3,471	3,592
- of which net cash and cash equivalents of discontinued operations		59	922

(i) Previously published comparative information has been restated to reflect changes in accounting methods (relating mainly to IFRS 16 – *Leases*) and the reclassification of Leader Price within discontinued operations (Note 1.3).

Consolidated statement of changes in equity

(€ millions) (before appropriation of profit)	Share capital	Additional paid-in capital[(i)]	Treasury shares	Deeply-subordinated perpetual bonds (TSSDI)	Retained earnings and profit for the year
At 1 January 2018 (reported)	**170**	**3,992**	**(5)**	**1,350**	**4,177**
Effects of applying IFRS 16 (Note 1.3)	-	-	-	-	(163)
Other (Note 1.3)	-	-	-	-	(10)
At 1 January 2018 (restated)[(*)]	**170**	**3,992**	**(5)**	**1,350**	**4,004**
Other comprehensive income/(loss) for the year (restated)[(*)]	-	-	-	-	-
Net profit/(loss) for the year (restated)[(*)]	-	-	-	-	(117)
Consolidated comprehensive income/(loss) for the year (restated)[(*)]	**-**	**-**	**-**	**-**	**(117)**
Issue of share capital	-	-	-	-	-
Purchases and sales of treasury shares	(2)	(53)	(28)	-	(17)
Dividends paid/payable to shareholders[(vi)]	-	-	-	-	(338)
Dividends paid/payable to holders of deeply subordinated perpetual bonds[(vi)]	-	-	-	-	(48)
Share-based payments	-	-	-	-	8
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[(vii)]	-	-	-	-	32
Other movements	-	-	-	-	-
At 31 December 2018 (restated)[(*)]	**168**	**3,939**	**(33)**	**1,350**	**3,524**
Effects of applying IFRIC 23 (Note 1.3)	**-**	**-**	**-**	**-**	**(7)**
At 1 January 2019	**168**	**3,939**	**(33)**	**1,350**	**3,516**
Other comprehensive income/(loss) for the year	-	-	-	-	**-**
Net profit/(loss) for the year	-	-	-	-	**(1,432)**
Consolidated comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**(1,432)**
Issue of share capital	-	-	-	-	-
Purchases and sales of treasury shares[(v)]	**(2)**	**(38)**	**5**	**-**	**(5)**
Dividends paid/payable to shareholders[(vi)]	-	-	-	**-**	**(169)**
Dividends paid/payable to holders of deeply subordinated perpetual bonds[(vi)]	-	-	-	**-**	**(37)**
Share-based payments	-	-	-	**-**	**6**
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries[(vii)]	-	-	-	**-**	**-**
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries[(viii)]	-	-	-	**-**	**21**
Other movements	-	-	-	**-**	**19**
At 31 December 2019	**166**	**3,901**	**(28)**	**1,350**	**1,918**

(*) Previously published comparative information has been restated to reflect changes in accounting methods, relating mainly to IFRS 16 – *Leases* (Note 1.3).
(i) Additional paid-in capital includes (a) premiums on shares issued for cash or for contributions in kind, or in connection with mergers or acquisitions, and (b) legal reserves.
(ii) See Note 12.6.
(iii) Attributable to the shareholders of Casino, Guichard-Perrachon.
(iv) See Note 12.8.
(v) See Note 12.4 for information about treasury share transactions.
(vi) See Note 12.9 for dividends paid and payable to holders of ordinary shares and deeply-subordinated perpetual bonds. Dividends paid and payable to non-controlling interests during the year prima
Price for €19 million (2018: GPA for €46 million, Franprix-Leader Price for €24 million and Éxito for €19 million).
(vii) The negative amount of €725 million mainly corresponds to the loss of control in Via Varejo (Note 2).
(viii) The negative amount of €959 million mainly corresponds to the project to simplify the Group's structure in Latin America, representing a €931 million negative impact (Note 2). In 2018, the €206 mill
Tikehau Capital and Bpifrance of shares in GreenYellow for €142 million and (b) the additional contribution of €85 million made by the private equity fund Fondo Inmobiliaro Colombia to the Viva Mall

CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ABOUT THE CASINO, GUICHARD-PERRACHON GROUP

Casino, Guichard-Perrachon ("the Company") is a French *société anonyme* listed in compartment A of Euronext Paris. The Company and its subsidiaries are hereinafter referred to as "the Group" or "the Casino Group". The Company's registered office is at 1, Cours Antoine Guichard, 42008 Saint-Étienne, France.

The consolidated financial statements for the year ended 31 December 2019 reflect the accounting situation of the Company and its subsidiaries, as well as the Group's interests in associates and joint ventures.

The 2019 consolidated financial statements of Casino, Guichard-Perrachon were approved for publication by the Board of Directors on 25 March 2020.

Note 1 Significant accounting policies

1.1 Accounting standards

Pursuant to European Commission Regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Casino 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 as of the date of approval of the financial statements by the Board of Directors and applicable at 31 December 2019.

These standards are available on the European Commission's website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en.

The accounting policies set out below have been applied consistently in all periods presented, after taking account of the new standards, amendments to existing standards and interpretations listed below.

Standards, amendments to standards, and interpretations adopted by the European Union and mandatory for financial years beginning on or after 1 January 2019

The European Union has adopted the following standards, amendments and interpretations which must be applied by the Group for its financial year beginning on 1 January 2019:
- IFRS 16 – *Leases*
- IFRIC 23 – *Uncertainty over Income Tax Treatments*

The effects of applying IFRS 16 and IFRIC 23 are presented in Note 1.3.

The following texts had no material impact on the Group's consolidated financial statements:

- *Amendments to IFRS 9 – Prepayment Features with Negative Compensation*

These amendments are applicable on a retrospective basis. The amendments expand the classification of financial assets at amortised cost or at fair value through other comprehensive income and clarify the application of the "solely a payment of principal and interest" test to certain debt instruments with a prepayment feature where the effect of exercising this clause would reasonably lead to repayments that are lower than the amount of principal and interest due.

- *Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement*

These amendments will be applicable on a prospective basis. to plan amendments, curtailments and settlements of defined benefit plans. They require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement.

- *Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures*

  These amendments are applicable on a retrospective basis. They clarify that IFRS 9 (including the impairment rules) applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

- *IFRS Annual Improvements – 2015-2017 Cycle*

  The main standards concerned are:
  - IAS 12 – *Income Taxes*: these amendments clarify that the tax consequences of dividend payments (i.e., distributions of profits) should be recognised when the distribution liability is recognised, in profit or loss, equity or other comprehensive income according to where the transactions that generated the distributed profits were presented. They will be applicable on a retrospective basis as from the first comparative period presented.
  - IAS 23 – *Borrowing Costs*: these amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally. These amendments will be applicable on a prospective basis.

Standards, amendments to standards, and interpretations adopted by the European Union and early adopted by the Group

- *Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform*

  The first phase of this project, focusing on the presumed continuity of hedge effectiveness, mandatory for financial years beginning on or after 1 January 2020, was early adopted by the Group as of 1 January 2019.

  These amendments, designed to enable entities to provide useful financial information during the period of uncertainty related to the IBOR reform, modify certain hedge accounting provisions. The amendments also require entities to provide investors with specific disclosures about their hedging relationships which are directly affected by these uncertainties. The adoption of these amendments did not have a material impact on the consolidated financial statements.

1.2 Basis of preparation and presentation of the consolidated financial statements

1.2.1 Basis of measurement

The consolidated financial statements have been prepared using the historical cost convention, with the exception of the following:

- assets and liabilities acquired in a business combination, which are measured at fair value in accordance with IFRS 3;
- derivative financial instruments and financial assets, which are measured at fair value. The carrying amounts of assets and liabilities hedged by a fair value hedge which would otherwise be measured at cost are adjusted for changes in fair value attributable to the hedged risk.

The consolidated financial statements are presented in millions of euros. The figures in the tables have been rounded to the nearest million euros and include individually rounded data. Consequently, the totals and sub-totals shown may not correspond exactly to the sum of the reported amounts.

1.2.2 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 Leader Price's net assets, as well as assets of the France segment, in accordance with IFRS 5 (Note 3.5);
- valuation of non-current assets and goodwill (Note 10.5);
- measurement of deferred tax assets (Note 9);
- recognition, presentation and measurement of the recoverable amounts of tax credits or taxes (mainly ICMS, PIS and COFINS in Brazil) (Notes 5.1, 6.9 and 13);
- IFRS 16 transition method, notably the determination of discount rates and the lease term for the purpose of measuring the lease liability for leases with renewal or termination options (Note 1.3);
- provisions for risks (Note 13), particularly tax and employee-related risks in Brazil.

1.3 Changes in accounting methods and restatement of comparative information

1.3.1 Impact on the consolidated financial statements

The tables below show the impact on the previously published consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows, resulting mainly from the retrospective application of IFRS 16 – *Leases* (Note 1.3.2) and the reclassification of Leader Price within discontinued operations in accordance with IFRS 5 (discontinued operations include Leader Price and Via Varejo for the two financial years presented).

Two other impacts reflected in the "Other" column essentially relate to:

- the finalization of the purchase price allocation for Sarenza, acquired in 2018, which primarily led to the recognition of the Sarenza trademark;
- the change in the method of presenting costs to obtain contracts.
  In 2019, the Group reviewed the presentation of these costs in its statement of financial position. Costs to obtain contracts, previously included in other current and non-current assets are now included in "Other intangible assets". The Group believes that this voluntary change of presentation improves the quality of its financial disclosures, as it reflects the way in which this investment – related to the management of its franchise – is itself managed, i.e., as though the Group had acquired an intangible asset (customer relationship). In the income statement, costs to obtain contracts are now recognised over the term of the contract as an amortisation expense within selling expenses and no longer as an expense within cost of goods sold. The amortisation expense for 2018 amounted to €39 million (including the portion relating to Leader Price as a discontinued operation). The reclassification qualifies as a change of method and has therefore been applied retrospectively to 2018 as if the new presentation had been adopted at the beginning of that year.

The introduction of IFRIC 23 – *Uncertainty over Income Tax Treatments* did not result in any significant changes to the measurement of uncertain tax balances in the financial statements at 31 December 2018. The Group also reclassified a number of statement of financial position items from "Provisions for risks and expenses" to "Current tax liabilities" and/or "Deferred taxes". These changes in presentation did not have a material impact. IFRIC 23 was applied using the modified retrospective method, i.e., with no restatement of comparative information (Note 9).

Impact on the main consolidated income statement indicators in 2018

(€ millions)	31 December 2018 (reported)(i)	IFRS 16 restatements	Discontinued operations (Leader Price)	Other(ii)	31 December 2018 (restated)
Net sales	36,604	-	(2,275)	-	34,329
Other revenue	532	-	(8)	9	533
Total revenue	**37,136**	**-**	**(2,283)**	**9**	**34,862**
Cost of goods sold	(27,831)	25	1,867	39	(25,899)
Selling expenses	(6,679)	149	335	(50)	(6,244)
General and administrative expenses	(1,416)	4	65	(7)	(1,355)
Trading profit	**1,209**	**179**	**(16)**	**(8)**	**1,364**
Operating profit	**834**	**121**	**20**	**(13)**	**962**
Net finance costs	(327)	7	1	-	(320)
Other financial income and expenses	(138)	(220)	1	-	(356)
Profit before tax	**369**	**(93)**	**23**	**(13)**	**286**
Income tax (expense)/benefit	(204)	18	(5)	4	(188)
Share of profit of equity-accounted investees	17	-	43	-	60
Net profit/(loss) from continuing operations	**182**	**(75)**	**60**	**(9)**	**159**
Attributable to owners of the parent	*(45)*	*(59)*	*53*	*(9)*	*(60)*
Attributable to non-controlling interests	*227*	*(16)*	*8*	-	*218*
Net profit/(loss) from discontinued operations	**(21)**	**49**	**(60)**	**-**	**(32)**
Attributable to owners of the parent	*(9)*	*5*	*(53)*	-	*(57)*
Attributable to non-controlling interests	*(11)*	*44*	*(8)*	-	*25*
Consolidated net profit/(loss)	**161**	**(25)**	**-**	**(9)**	**127**
Attributable to owners of the parent	*(54)*	*(54)*	-	*(9)*	*(117)*
Attributable to non-controlling interests	*215*	*28*	-	-	*244*

(i) Via Varejo was classified within discontinued operations in 2018.
(ii) Mainly the change in the method of presenting costs to obtain contracts.

Impact on the main consolidated statement of cash flow indicators in 2018

(€ millions)	31 December 2018 (reported)	IFRS 16 restatements	Discontinued operations (Leader Price)	Other	31 December 2018 (restated)
Net cash from operating activities	**1,492**	**1,040**	**-**	**69**	**2,601**
of which consolidated profit/(loss) before tax	*323*	*3*	*-*	*(13)*	***314***
of which other components of cash flow	*1,336*	*1,047*	*-*	*44*	***2,427***
of which change in operating working capital and income tax paid	*(433)*	*(9)*	*52*	*37*	***(353)***
of which income taxes paid and change in operating working capital: discontinued operations	*266*	*-*	*(52)*	*-*	***214***
Net cash from/(used in) investing activities	**(30)**	**-**	**-**	**(69)**	**(99)**
of which net cash related to acquisitions and disposals of non-current assets	*57*	*-*	*55*	*(69)*	*43*
of which effect of changes in scope of consolidation resulting in acquisition or loss of control	*(95)*	*-*	*29*	*-*	*(66)*
of which cash from/(used in) discontinued operations	*(119)*	*-*	*(84)*	*-*	*(203)*
Net cash from/(used in) financing activities	**(756)**	**(1,041)**	**-**	**-**	**(1,796)**
of which repayments of lease liabilities	*-*	*(659)*	*44*	*-*	*(614)*
of which interest paid, net	*(424)*	*(209)*	*4*		*(629)*
of which cash from/(used in) discontinued operations	*(167)*	*(184)*	*(48)*	*-*	*(400)*
Effect of changes in exchange rates on cash and cash equivalents	(328)	-	-	-	(328)
Change in cash and cash equivalents	**377**	**-**	**-**	**-**	**377**
Net cash and cash equivalents at beginning of period	4,137	-	-	-	4,137
Net cash and cash equivalents at end of period	4,514	-	-	-	4,514

Impact on the main consolidated statement of financial position indicators at 1 January 2018

(€ millions)	1 January 2018 (reported)	IFRS 16 restatements	Other[(i)]	1 January 2018 (restated)
Goodwill	9,092	-	-	**9,092**
Intangible assets, property, plant and equipment, and investment property	10,732	(776)	128	**10,085**
Right-of-use assets	-	4,491	-	**4,491**
Investments in equity-accounted investees	563	-	-	**563**
Other non-current assets	1,199	(10)	(98)	**1,091**
Deferred tax assets	523	91	5	**619**
Total non-current assets	**22,110**	**3,796**	**36**	**25,942**
Inventories	3,815	(1)	(8)	**3,806**
Trade receivables	888	-	-	**888**
Other current assets	1,282	(18)	(33)	**1,231**
Current tax assets	138	-	-	**138**
Cash and cash equivalents	3,391	-	-	**3,391**
Assets held for sale	6,551	998	-	**7,549**
Total current assets	**16,064**	**979**	**(40)**	**17,003**
Total assets	**38,174**	**4,776**	**(5)**	**42,945**
Equity attributable to owners of the parent	7,570	(163)	(10)	**7,397**
Non-controlling interests	5,493	(120)	-	**5,373**
Total equity	**13,063**	**(282)**	**(10)**	**12,770**
Non-current provisions for employee benefits	358	-	-	**358**
Other non-current provisions	514	-	-	**514**
Non-current borrowings and debt, gross	7,249	(47)	-	**7,202**
Non-current lease liabilities	-	3,485	-	**3,485**
Non-current put options granted to owners of non-controlling interests	28	-	-	**28**
Other non-current liabilities	486	(8)	-	**478**
Deferred tax liabilities	725	16	-	**740**
Total non-current liabilities	**9,360**	**3,446**	**-**	**12,806**
Current provisions for employee benefits	11	-	-	**11**
Other current provisions	162	-	5	**167**
Trade payables	6,664	(20)	-	**6,644**
Current borrowings and debt, gross	1,493	(17)	-	**1,475**
Current lease liabilities	-	665	-	**665**
Current put options granted to owners of non-controlling interests	143	-	-	**143**
Current tax liabilities	88	-	-	**88**
Other current liabilities	2,513	(30)	-	**2,483**
Liabilities associated with assets held for sale	4,678	1,015	-	**5,693**
Total current liabilities	**15,751**	**1,612**	**5**	**17,369**
Total equity and liabilities	**38,174**	**4,776**	**(5)**	**42,945**

(i) Mainly the change in the method of presenting costs to obtain contracts.

Impact on the main consolidated statement of financial position indicators at 31 December 2018 and 1 January 2019

(€ millions)	31 December 2018 (reported)	IFRS 16 impact	Other[(i)]	31 December 2018 (restated)	IFRIC 23 impact	1 January 2019 (restated)
Goodwill	8,690	-	(8)	**8,682**	-	**8,682**
Intangible assets, property, plant and equipment, and investment property	9,281	(835)	158	**8,605**	-	**8,605**
Right-of-use assets	-	4,592	-	**4,592**	-	**4,592**
Investments in equity-accounted investees	500	-	-	**500**	-	**500**
Other non-current assets	1,275	(13)	(111)	**1,151**	-	**1,151**
Deferred tax assets	553	105	9	**667**	(7)	**659**
Total non-current assets	**20,299**	**3,849**	**49**	**24,197**	**(7)**	**24,189**
Inventories	3,843	(1)	(9)	**3,834**	-	**3,834**
Trade receivables	905	-	-	**905**	-	**905**
Other current assets	1,437	(12)	(41)	**1,383**	-	**1,383**
Current tax assets	165	-	-	**165**	-	**165**
Cash and cash equivalents	3,730	-	-	**3,730**	-	**3,730**
Assets held for sale	7,061	1,372	-	**8,433**	-	**8,433**
Total current assets	**17,141**	**1,359**	**(50)**	**18,450**	**-**	**18,450**
Total assets	**37,440**	**5,208**	**(1)**	**42,647**	**(7)**	**42,639**
Equity attributable to owners of the parent	6,731	(211)	(19)	**6,501**	(7)	**6,494**
Non-controlling interests	5,288	(80)	-	**5,208**	-	**5,208**
Total equity	**12,019**	**(291)**	**(19)**	**11,709**	**(7)**	**11,702**
Non-current provisions for employee benefits	366	-	-	**366**	-	**366**
Other non-current provisions	483	(2)	-	**481**	(6)	**475**
Non-current borrowings and debt, gross	6,817	(35)	-	**6,782**	-	**6,782**
Non-current lease liabilities	-	3,560	-	**3,560**	-	**3,560**
Non-current put options granted to owners of non-controlling interests	63	-	-	**63**	-	**63**
Other non-current liabilities	472	(13)	4	**464**	6	**469**
Deferred tax liabilities	636	28	3	**667**	-	**667**
Total non-current liabilities	**8,837**	**3,539**	**7**	**12,384**	**-**	**12,384**
Current provisions for employee benefits	11	-	-	**11**	-	**11**
Other current provisions	154	(3)	10	**160**	(3)	**157**
Trade payables	6,688	(20)	-	**6,668**	-	**6,668**
Current borrowings and debt, gross	2,211	(12)	-	**2,199**	-	**2,199**
Current lease liabilities	-	677	-	**677**	-	**677**
Current put options granted to owners of non-controlling interests	126	-	-	**126**	-	**126**
Current tax liabilities	124	-	-	**124**	3	**127**
Other current liabilities	2,643	(31)	1	**2,613**	-	**2,613**
Liabilities associated with assets held for sale	4,628	1,349	-	**5,977**	-	**5,977**
Total current liabilities	**16,584**	**1,959**	10	**18,554**	**-**	**18,554**
Total equity and liabilities	**37,440**	**5,208**	**(1)**	**42,647**	**(7)**	**42,639**

(i) Mainly the change in the method of presenting costs to obtain contracts and the allocation of the Sarenza purchase price.

1.3.2 Impact of the first-time adoption of IFRS 16 – *Leases*

IFRS 16 supersedes IAS 17 and the related interpretations as from 1 January 2019 and removes the distinction between operating and finance leases, introducing a single lessee accounting model and requiring lessees to recognise assets (right to use the underlying leased asset for the estimated term of the lease) and liabilities (lease liability representing the obligation to make lease payments) for substantially all leases. Operating lease expense in the consolidated income statement is replaced by depreciation of the right-of-use asset presented in "Cost of goods sold" or "Selling expenses", and interest expense on the financial liability presented in "Other financial expenses". Previously, the Group classified most of its leases as operating leases and recognised rental expense on a straight-line basis over the lease term; no asset or liability was recognised except to reflect any timing difference between the rental payment period and the period in which the related expense is recognised.

Compared to IAS 17, applying IFRS 16 has a positive impact on EBITDA (as defined in Note 5.1) as well as, to a lesser extent, on trading profit, and a negative impact on finance costs.

Consolidated net profit may be reduced progressively over successive periods because total rental expense is generally higher at the beginning of the lease and decreases over time, unlike the straight-line charge recognised under the previous standard (IAS 17). Additionally, net cash from operating activities is higher as cash outflows corresponding to the repayment of the principal amount of the lease liability and related interest payments as classified within cash flows from financing activities.
Right-of-use assets and lease liabilities are presented on separate lines of the consolidated statement of financial position. Lease liabilities are not included in the calculation of net debt, the definition of which remains unchanged. Accordingly, applying IFRS 16 has the effect of decreasing net debt due to the restatement of finance lease liabilities, which were included within "Loans and borrowings" under IAS 17.

The Group has decided to apply IFRS 16 from 1 January 2019 using the retrospective transition approach, by restating all comparative information presented in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*.

The Group has chosen to apply the recognition exemptions in IFRS 16 concerning:
- short-term leases (less than 12 months); and
- leases for which the underlying asset is of low value (value of underlying leased asset less than €5,000).

Lease payments not included in the initial measurement of the financial liability (for example, variable lease payments) are recorded in operating expense, together with payments for short-term leases and leases for which the underlying asset is of low value.

The assets and finance lease liabilities previously classified under IAS 17 within property, plant and equipment and borrowings have been reclassified to right-of-use assets and lease liabilities, respectively, except for those related to short-term leases and leases for which the underlying asset is of low value.

Lease premiums previously classified within intangible assets have been reclassified to "Right-of-use assets". Right-of-use assets relating to lease premiums are not generally amortised and are tested for impairment whenever there is an indication that they may be impaired.

Sale-and-leaseback transactions prior to 1 January 2019 have not been restated, in accordance with IFRS 16.

A net deferred tax effect has been recorded for the difference between the right-of-use assets and the lease liabilities within the scope of IFRS 16, as was previously the case for finance lease liabilities.

The discount rate used to calculate the value of right-of-use assets and the lease liabilities is determined on a country-by-country basis, depending on the lease term. It is calculated for each asset according to the duration of the lease, using the incremental borrowing rate at inception of the lease.

The lease term reflects the non-cancellable period of the lease, plus (or minus) periods covered by an option to extend (terminate) the lease when that option is reasonably certain to be exercised. For property leases, the Group determined whether it was reasonably certain to exercise any options to extend (terminate) the leases based mainly on the characteristics of the various leased assets (store formats, warehouses and administrative buildings) and the countries concerned by the leases. For "3-6-9"-type commercial leases in France, French law grants lessees the right to extend the lease upon expiry of the lease contract, or the right to eviction compensation (*indemnité d'éviction*). If the lessor is required to pay the lessee more-than-insignificant compensation in the event it refuses to extend the lease, questions arise as to whether or not the lessee effectively has an extension option. In this respect, the Group has applied the position set out by the French accounting standards-setter (*Autorité des normes comptables* – ANC) in its 16 February 2018 statement of conclusions. The enforceable term of such leases is therefore nine years; beyond this, the lease term adopted in accordance with IFRS 16 for automatically renewable leases corresponds to the notice period (generally six months).

On 16 December 2019, the IFRS IC published its decision on a request for clarification regarding the following issues:
- determining the enforceable period of an automatically renewable lease, or an indefinite-term lease that can be terminated by one of the parties subject to a specified notice period. The question related to the notion of penalties used as a basis to define the enforceable period;
- the link between the useful life of non-removable leasehold improvements and the IFRS 16 lease term.

The IFRS IC:
- concluded that the broader economics of the lease, and not only its contractual provisions, should be considered in determining the enforceable period of the lease;
- provided a number of clarifications regarding the link between the IFRS 16 lease term and the useful life of non-removable leasehold improvements.

In light of the IFRS IC's final decision, the Group has begun a further analysis of its leases in order to identify contracts whose initial accounting under IFRS 16 could be affected. In view of the large number of leases and the publication of this decision late in the year, Casino did not apply the decision when preparing its consolidated financial statements at 31 December 2019, since the potential impact of the guidance is still being analysed.

The Group's analyses are focusing particularly on:
- automatically renewable leases or leases that can be terminated at any time;
- assets under lease (stores, warehouses), including non-removable leasehold improvements, whose residual net carrying amount at the end of the IFRS 16 lease term could give rise to a significant penalty (within the meaning of the IFRS IC decision) for the Group. These cases could lead the Group to adopt a longer IFRS 16 lease term and/or to re-estimate the useful life of the related non-removable leasehold improvements.

Following certain industry discussions and on completion of these analyses, which are expected to be finalised ahead of the 2020 interim financial statements, the Group will be able to decide whether or not this IFRS IC decision significantly modifies its current application of IFRS 16 and/or whether the useful life of the related non-removable leasehold improvements should be re-estimated. In particular, these analyses could call into question the IFRS 16 lease term adopted for "3-6-9"-type leases in France (several thousand contracts concerned), which are currently recognised in accordance with the position published by the ANC in February 2018.

It should be noted that the 2019 published financial statements of Group subsidiary GPA applied this IFRS IC decision. In light of the principle whereby the consolidated financial statements are prepared using consistent accounting methods from one year to the next, and pending the findings of the analyses currently in progress for the Group as a whole, the impact of this decision is not reflected in the Group's financial statements. This impact is essentially limited to an increase in lease liabilities and in right-of-use assets of €188 million and €170 million, respectively, at 31 December 2019.

The table below provides a summary of the impact of applying IFRS 16 on the 2019 and 2018 consolidated income statement and consolidated statement of financial position:

	31 December 2019				31 December 2018			
(€ millions)	**Total**	**France Retail**	**Latam Retail**	**E-commerce**	**Total**	**France Retail**	**Latam Retail**	**E-commerce**
EBITDA	+916	+590	+302	+25	+818	+513	+285	+19
Trading profit	+221	+104	+116	+2	+179	+64	+114	+1
Other financial income and expenses	-270	-108	-156	-6	-220	-60	-156	-4
Right-of-use assets	+4,837	+2,866	+1,804	+167	+4,592	+2,776	+1,659	+157
Lease liabilities	+4,676	+2,807	+1,680	+189	+4,238	+2,575	+1,490	+173

Note 2 Significant events of the year

Significant events of the year are the following:

Disposal plan of non-strategic assets

On 11 June 2018, the Group announced that it was launching a non-strategic asset disposal plan to support ongoing transformation of its business model to focus on fast-growing store formats and geographies, and to accelerate the deleveraging process in France. The initial scope of the plan, i.e., €1.5 billion, was increased in March and then in August 2019, and now stands at €4.5 billion.
On 31 December 2019, transactions carried out under the plan amounted to €2,100 million, of which €1,105 million in 2018 (the sale of 15% of Mercialys through an equity swap for €213 million, the acquisition by Tikehau Capital and Bpifrance of shares in GreenYellow for €150 million and the sale-leaseback of Monoprix real estate assets for €742 million). The main transactions in 2019 included:

- the sale-leaseback on 8 March 2019 of 13 Géant Casino, 3 Hyper Casino and 10 Casino Supermarkets store properties to funds managed by Fortress for a consideration of €392 million; a variable component was recognised in the consolidated financial statements in this respect for €33 million. The transaction includes a variable component whereby the Casino Group could receive up to an additional €120 million depending mainly on the future yield on the properties sold. The Group will continue to operate the stores under leases representing annual rent of €32 million;
- the sale-leaseback on 15 October 2019 of 31 store properties (12 Géant Casino and 19 Monoprix and Casino Supermarkets stores) valued at €465 million, to funds managed by companies affiliated with Apollo Global Management. The consideration for the transfer of 30 assets totals €327 million and includes a variable component whereby the Casino Group could receive up to an additional €120 million. The Group will continue to operate these 31 stores under leases representing annual rent of €27 million.

These two sale-leaseback transactions generated a capital loss before tax of €25 million (after adjusting for the impact of IFRS 16), presented in “Other operating expenses”.

Casino sold its contract catering services subsidiary R2C at the end of June 2019. This transaction had no material impact on the financial statements.

On 22 July 2019 the Casino Group announced the signing of an agreement to sell Vindémia for an enterprise value of €219 million.

On 20 March 2020, Casino announced the signing of an agreement with Aldi to sell Leader Price in France for an enterprise value of €735 million, including a €35 million earn-out contingent (see below and Note 15).

Planned sale of Leader Price

In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* (Notes 3.5.1 and 3.5.2):

- the assets and liabilities held for sale have been reclassified in the consolidated statement of financial position under "Assets held for sale" for €1,362 million and "Liabilities associated with assets held for sale" for €706 million. The €656 million net asset value at 31 December 2019 includes an impairment loss of €704 million recorded to reduce the carrying amount of the disposal group to its fair value less costs to sell, as estimated in the context of the sale transaction in progress with Aldi;
- Leader Price’s post-tax net profit and cash flows for the years ended 31 December 2019 and 2018 are reported on a separate line in the consolidated income statement under “Net profit/(loss) from discontinued operations”.

Safeguard proceedings concerning the Casino Group’s lead shareholders Rallye and Foncière Euris, Finatis and Euris

On 23 May 2019, the Casino Group’s lead shareholder Rallye and its parent companies announced that they had each requested and obtained the initiation of safeguard proceedings (*procédure de sauvegarde*) for a six-month period which may be extended by 6-12 months by decision of the relevant commercial court. The proceedings were initiated after the court acknowledged the financial difficulties experienced by the holding companies. They have the effect of freezing these companies’ financial liabilities.

Each proceeding only concerns the entity for which it was initiated and none of them applies to either Casino, Guichard-Perrachon or its subsidiaries. Therefore, the Casino Group continues to run its operations as usual and remains focused on executing the strategic plan announced to the market in June 2018, including the €4.5 billion disposal plan of non-strategic assets, a sharp reduction in the Group’s debt in France and the achievement of the business objectives communicated to the market.

The initiation of safeguard proceedings for Rallye has had notably two impacts at the level of Casino, Guichard-Perrachon:
- rating downgrades by Standard & Poor's and Moody's. On 28 May 2019, Standard & Poor's downgraded the Group's credit rating to B/negative watch (from BB/negative outlook). On 31 May 2019, Moody's downgraded Casino's credit rating to B1/negative outlook (from Ba3/negative outlook);
- a reduction in the outstanding amount under the Negotiable European commercial paper ("NEU CP") programme.

On 25 November 2019, Rallye, Foncière Euris, Finatis and Euris announced that the safeguard period was to be extended for a further six months with the aim of obtaining court approval for their plans by the end of first-quarter 2020 at the latest.

On 2 March 2020, Casino, Guichard-Perrachon was informed by its lead shareholder Rallye that on 28 February, the Paris commercial court approved the safeguard plans for Rallye and its subsidiaries Cobivia, HMB and Alpétrol, and for their parent companies, Foncière Euris, Finatis and Euris (Note 15).

Refinancing and uses of funds

On 22 October 2019, the Group announced a plan to strengthen its liquidity and financial structure in a transaction that was finalised on 21 November 2019. The refinancing plan included two transactions:
- raising €1.8 billion of secured financing via (i) a €1.0 billion term loan ("Term Loan B") bearing interest at Euribor (floored at 0) plus 5.5%, and (ii) a high-yield 5.875% bond issue for €800 million, with both borrowings falling due in January 2024;
- extending €2.0 billion of confirmed credit lines in France as a new confirmed revolving credit facility ("RCF") maturing in October 2023, or in October 2022 if the bond tranche maturing in January 2023 has not been refinanced at that date. The interest on this facility varies depending on the ratio of loans and borrowings to EBITDA (Note 11.5.4). This facility covers the France Retail and E-commerce segments and is subject to maintenance covenants tested quarterly as from 31 March 2020 (Note 11.5.4).

Term Loan B and the secured high-yield bond enabled the Group to finance the tender offer on the bonds maturing in 2020, 2021 and 2022 for a total cash amount of €806 million, to repay the drawn credit lines to date for a total amount of €630 million, to repay 50% (i.e., €198 million) of the Segisor loan, and to pay the fees and commissions related to the transaction. The remaining amount was placed in escrow (Note 6.8.1) to be used solely to pay down loans and borrowings. On 9 March 2020 it was used to redeem a bond issue for €271 million (including interest).

On 22 October 2019, Standard & Poor's decided to maintain its B rating for Casino and for the bonds issued under its EMTN program, and to upgrade its negative watch rating to a negative outlook. S&P's also decided to maintain its CCC rating for deeply-subordinated perpetual bonds (TSSDI) and to assign a B+/negative outlook rating to the secured high-yield bond issue and Term Loan B.

On 23 October 2019, Moody's decided to downgrade its rating for Casino, Guichard-Perrachon from B1/negative outlook to B2/negative outlook, and to downgrade its ratings for the bonds issued under its EMTN programme from B1/negative outlook to B3/negative outlook and for its deeply-subordinated perpetual bonds (TSSDI) from B3 to Caa1/negative outlook.

Closure and disposals of loss-making stores

The Group continues to implement the plan announced in 2018 to close or dispose of loss-making stores. In 2019, agreements were signed to sell 31 integrated stores (including 17 hypermarkets) for a combined consideration of €281 million; as of 31 December 2019, the Group had completed the sale of 28 stores (including 15 hypermarkets) and received consideration of €165 million.
Also, 36 loss-making integrated stores have been closed since 2018. Together, these stores represented net sales of around €483 million in 2018 for a trading loss of €39 million. The gain in trading profit on these stores on a full-year basis including the associated structural costs will therefore be around €50 million.
All of these streamlining transactions gave rise to the recognition of a €151 million expense in "Other operating expenses" for the year ended 31 December 2019 (Note 6.5).

Simplified structure of the Casino Group in Latin America

In the second half of 2019, the Group completed its project to simplify its structure in Latin America. This involved:
- an all-cash tender offer launched by GPA for 100% of Éxito's shares, to which Casino tendered all of its stake (55%);
- the acquisition by Casino of the shares held by Éxito in Segisor (which itself held 99.9% of the voting rights and 37% of the economic rights of GPA);
- the migration of GPA shares to the Novo Mercado B3 listing segment, with the conversion of preferred shares (PN) into ordinary shares (ON) at an exchange ratio of 1:1, bringing an end to the existence of two classes of shares and giving GPA access to a broader base of international investors. The migration was completed at the beginning of March 2020.

The operation was accounted for as an internal reorganization and for the purposes of the consolidated financial statements, as a transaction between non-controlling interests. The impact on the consolidated financial statements can be summarised as follows:

- changes in the shareholdings in the different subsidiaries (GPA, Éxito, Libertad and Disco/Devoto) are recognised in equity and represented a negative €931 million impact, including a negative €25 million impact arising from transaction fees (see the consolidated statement of changes in equity);
- transaction fees are included in “Other operating expenses” for €36 million (Note 6.5) and in equity for the portion directly attributable to the acquisition of non-controlling interests in Éxito through the public tender offer by GPA, representing €25 million net of tax;
- in cash flow terms, the transaction led to a cash outflow of €917 million relating to the acquisition of non-controlling interests (41%) in Éxito (Note 4.8); the transaction also enabled the Group to repay the Segisor loan in an amount of €198 million (Note 11.2.2). The transaction increased GAP’s debt and decreased Éxito’s debt (Note 11.2.2, points (i) and (ii)).

Upon completion of this transaction, Casino held 41% of the share capital and voting rights of GPA, which in turn held 97% of Éxito’s share capital. Éxito remains the majority shareholders of the Group’s subsidiaries in Argentina (mainly Libertad with a 100% interest) and Uruguay (mainly Disco and Devoto in which it holds 62.5% and 100%, respectively, of the economic rights). GPA has been listed on the Novo Mercado since 2 March 2020, giving it access to a wide international investor base.

Sale of Via Varejo

On 14 June 2019 GPA completed the process begun on 23 November 2016 to sell its entire stake in its subsidiary, Via Varejo. The transaction was carried out through a block sale on the market at the price of BRL 4.90 per share, representing a total sale price of BRL 2.3 billion (€517 million). Taking into account the two total return swaps (TRS) entered into during the first half of 2019, the total proceeds received from the sale of the stake in Via Varejo amounted to BRL 2.7 billion (€615 million). These transactions led to the recognition of a capital gain after tax of BRL 21 million (€6 million), presented under “Net profit/(loss) from discontinued operations” (Note 3.5.2). The sale decreased non-controlling interests by €742 million (see note (vii) to the consolidated statement of changes in equity).
Via Varejo’s contribution to profit/(loss) from discontinued operations was estimated based on the information available at the date of the sale by GPA of its entire stake in Via Varejo, i.e., 14 June 2019. Since that date, Via Varejo has announced that it would be opening an investigation into allegations of fraud that may have resulted from a correction made to its financial statements for the period prior to the date of the sale. At the date of this report, the Group is not aware of any information that would lead to a material change in the financial statements.

Note 3 Scope of consolidation

Accounting principles

Basis of consolidation

The consolidated financial statements include the financial statements of all material subsidiaries, joint ventures and associates over which the parent company exercises control, joint control or significant influence, either directly or indirectly (see list of consolidated companies in Note 17).

Subsidiaries

Subsidiaries are companies controlled by the Group. Control exists when the Group (i) has power over the entity, (ii) is exposed or has rights to variable returns from its involvement with the entity, and (iii) has the ability to affect those returns through its power over the entity.
The consolidated financial statements include the financial statements of subsidiaries from the date when control is acquired to the date at which the Group no longer exercises control. All controlled companies are fully consolidated in the Group's statement of financial position, regardless of the percentage interest held.

Potential voting rights

Control is assessed by taking potential voting rights into account, but only if they are substantive; that is, if the entity has the practical ability to exercise its rights with respect to the exercise price, date and terms.
The Group may own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares or other similar instruments that have the potential, if exercised or converted, to give the Group voting power or reduce another party's voting power over the financial and operational policies of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event.

Joint ventures

A joint venture is a joint arrangement in which the parties that exercise joint control over an entity have rights to its net assets. Joint control involves the contractually agreed sharing of control over an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
Joint ventures are accounted for in the consolidated financial statements using the equity method.

Associates

Associates are companies in which the Group exercises significant influence over financial and operational policies without having control. They are accounted for in the consolidated financial statements using the equity method.

Equity method of accounting

The equity method provides that an investment in an associate or a joint venture be recognised initially at acquisition cost and subsequently adjusted by the Group's share in profit or loss and, where appropriate, in other comprehensive income of the associate or joint venture. Goodwill related to these entities is included in the carrying amount of the investment. Any impairment losses and gains or losses on disposal of investments in equity-accounted entities are recognised in "Other operating income and expenses".
Profits/losses from internal acquisitions or disposals with equity-accounted associates are eliminated to the extent of the Group's percentage interest in these companies. In the absence of any guidance in IFRS concerning cases where the amount to be eliminated is greater than the carrying amount of the investment in the equity-accounted company, the Group has elected to cap the amount eliminated from the accounts in the transaction year and to deduct the uneliminated portion from its share of the equity-accounted company's profits in subsequent years. The Group follows a transparent approach to accounting for associates under the equity method and takes into account, if relevant, its final percentage interest in the associate for the purpose of determining the proportion of profit (loss) to be eliminated.
In the absence of any standard or interpretation covering dilution of the Group's interest in a subsidiary of an equity-accounted company, the dilution impact is recognised in the Group's share of the profit (loss) of the equity-accounted investee.

Business combinations

As required by IFRS 3 revised, the consideration transferred (acquisition price) in a business combination is measured at the fair value of the assets transferred, equity interests issued and liabilities incurred on the date of the transaction. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Acquisition-related costs are recognised in "Other operating expenses", except for those related to the issue of equity instruments.

Any excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed is recognised as goodwill. At the date when control is acquired and for each business combination, the Group may elect to apply either the partial goodwill method (in which case, the amount of goodwill is limited to the portion acquired by the Group) or the full goodwill method. Under the full goodwill method, non-controlling interests are measured at fair value and goodwill is recognised on the full amount of the identifiable assets acquired and liabilities assumed.
Business combinations completed prior to 1 January 2010 were accounted for using the partial goodwill method, which was the only method applicable prior to publication of the revised version of IFRS 3.

In the case of an acquisition achieved in stages (step acquisition), the previously-held interest is remeasured at fair value at the date control is acquired. The difference between the fair value and carrying amount of the previously-held interest is recognised directly in profit or loss (under "Other operating income" or "Other operating expenses").
The provisional amounts recognised on the acquisition date may be adjusted retrospectively if the information needed to revalue the assets acquired and the liabilities assumed corresponds to new information obtained by the buyer and concerns facts and circumstances that existed as of the acquisition date. Goodwill may not be adjusted after the measurement period (not exceeding 12 months from the date when control is acquired). Any subsequent acquisitions of non-controlling interests do not give rise to the recognition of additional goodwill.

Any contingent consideration is included in the consideration transferred at its acquisition-date fair value, whatever the probability that it will become due. Subsequent changes in the fair value of contingent consideration due to facts and circumstances that existed as of the acquisition date are recorded by adjusting goodwill if they occur during the measurement period or directly in profit or loss for the period under "Other operating income" or "Other operating expenses" if they arise after the measurement period, unless the obligation is settled in equity instruments. In that case, the contingent consideration is not remeasured subsequently.

Intra-group transfers of shares in consolidated companies

In the absence of any guidance in IFRS on the accounting treatment of intra-group transfers of shares in consolidated companies leading to a change in percentage interest, the Group applies the following principle:

- the transferred shares are maintained at historical cost and the gain or loss on the transfer is eliminated in full from the accounts of the acquirer;
- non-controlling interests are adjusted to reflect the change in their share of equity, and a corresponding adjustment is made to consolidated reserves, without affecting profit or total equity.

Costs and expenses related to intra-group transfers of shares and to internal restructuring in general are included in "Other operating expenses".

Foreign currency translation

The consolidated financial statements are presented in euros, which is the functional currency of the Group's parent company. Each Group entity determines its own functional currency and all of their financial transactions are measured in that currency.

The financial statements of subsidiaries that use a different functional currency from that of the parent company are translated using the closing rate method, as follows:

- assets and liabilities, including goodwill and fair value adjustments, are translated into euros at the closing rate, corresponding to the spot exchange rate at the reporting date;
- income statement and cash flow items are translated into euros using the average rate of the period unless significant variances occur.

The resulting translation differences are recognised directly within a separate component of equity. When a foreign operation is disposed of, the cumulative differences recognised in equity on translation of the net investment in the operation concerned at successive reporting dates are reclassified to profit or loss. Because the Group applies the step-by-step method of consolidation, the cumulative translation differences are not reclassified to profit or loss if the foreign operation disposed is part of a sub-group. This reclassification will occur only at the disposal of the sub group.

Foreign currency transactions are translated into euros using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting translation differences are recognised in the income statement under "Foreign currency exchange gains" or "Foreign currency exchange losses". Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the transaction date.
Exchange differences arising on translation of the net investment in a foreign operation are recognised in the consolidated financial statements as a separate component of equity and reclassified to profit or loss on disposal of the net investment.

Exchange differences arising on translation of (i) foreign currency borrowings hedging a net investment denominated in a foreign currency or (ii) permanent advances made to subsidiaries are also recognised in equity and reclassified to profit or loss on disposal of the net investment.

In accordance with IAS 29, the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies are (i) restated to take account of changes in the general purchasing power of the local currency, using official price indices applicable on the reporting date, and (ii) converted into euros at the exchange rate on the reporting date. The Group has qualified Argentina as a hyperinflationary economy since 2018.

3.1 Transactions affecting the scope of consolidation in 2019

3.1.1 Mercialys TRS

On 26 July 2018, in connection with the announced asset disposal plan, the Group reduced its stake in Mercialys from 40.3% of the voting rights to 25.3%, through the block sale to a bank of shares representing 15% of the capital under a total return swap (TRS). Under the terms of the transaction, the Group received immediate proceeds amounting to €213 million before disposal costs (€209 million after disposal costs).

Under IFRS 9, the block sale is only effective once the shares are actually sold on the market by the bank. Consequently, the shares were not derecognised at 31 December 2018 and a liability was recorded for €198 million corresponding to the value of the shares not yet sold on the market (at the price sold to the bank). The sale of the shares and the related capital gains or losses are recognised when the bank sells the shares on the market. The 1% of shares sold by the bank and recognised in the income statement was not material.

As of 31 December 2019, 64.6% of the shares underlying the TRS had been sold. A corresponding capital loss of €20 million was recorded in "Other operating expenses" and the liability now stands at €102 million.

The consolidated financial statements include the Group’s 30.6% interest in Mercialys at 31 December 2019 (39.2% at 31 December 2018) on an equity-accounted basis, of which 5.3% corresponds to the shares not sold on the market at that date by the bank.

In addition, the remaining portion of the shares unsold under the TRS continues to be classified as “Assets held for sale” in accordance with IFRS 5, recognised at their carrying amount for €46 million at 31 December 2019 (€114 million at 31 December 2018).

3.2 Transactions affecting the scope of consolidation in 2018

3.2.1 Acquisition of Sarenza

On 30 April 2018, Monoprix acquired Sarenza, a leading online footwear retailer. The price paid for 100% of the shares was €22 million (Note 4.5).
Sarenza has been consolidated at net book value, leading to the recognition of goodwill of €16 million (corresponding to the difference between the book value of the acquired net assets and the consideration transferred), which has been allocated to the Monoprix CGU.
Sarenza's contribution to consolidated net sales for the period from 30 April 2018 to 31 December 2018 was €97 million. If control of Sarenza had been acquired on 1 January 2018, it would have increased consolidated net sales by €43 million. Its contribution to pre-tax profit for the period was not material.

3.2.2 Changes in scope relating to the Franprix-Leader Price sub-group

On 28 February 2018, Franprix-Leader Price sold control of 105 Franprix and Leader Price stores to a master franchisee. The sale proceeds amounted to €33 million (Note 4.5). The transactions generated a loss of €15 million which is recognised in "Other operating expenses". If the transactions had been completed on 1 January 2018, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.

The same master franchisee acquired a 40% stake in another group of Franprix-Leader Price stores. The investment was accounted for as a transaction between owners. The master franchisee has a put option on its 40% stake and Franprix-Leader Price has a call option. A debt of €17 million was recognised on the date of the transaction. This transaction had no material impact on consolidated equity.

In addition, Franprix-Leader Price acquired control of 126 stores during the year, at a total cost of €79 million. These transactions generated €76 million in goodwill.
If the acquisitions had been completed on 1 January 2018, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.

3.2.3 Sale of a group of Casino supermarkets without loss of control

During first-half 2018, Distribution Casino France sold a 40% stake in five Casino supermarkets to a master franchisee. This sale without loss of control was accounted for as a transaction between owners. The master franchisee has a put option on its 40% stake – recognised in an amount of €19 million on the date of the transaction – and Distribution Casino France has a call option.
This transaction had no material impact on consolidated equity.

3.3 Investments in equity-accounted investees

3.3.1 Significant associates and joint ventures

The following table presents the condensed financial statements (on a 100% basis) for the four main equity-accounted investees on a continuing-operations basis. These condensed financial statements prepared in accordance with IFRS correspond to the investees' published financial statements, as restated where appropriate for the adjustments made by the Group, for example fair value adjustments on the date control is acquired or lost, adjustments to bring the investee's accounting policies into line with Group policies, or adjustments to eliminate gains and losses on intra-group acquisitions and disposals for the portion corresponding to the Group's percentage interest in the investee:

(€ millions)	2019				2018			
	Mercialys	**Tuya(ii)**	**Banque du Groupe Casino**	**FIC(iii)**	**Mercialys (i)**	**Tuya(ii)**	**Banque du Groupe Casino**	**FIC(iii)**
Country	**France**	**Colombia**	**France**	**Brazil**	France	Colombia	France	Brazil
Business	**Real estate**	**Banking**	**Banking**	**Banking**	Real estate	Banking	Banking	Banking
Type of relationship	**Associate**	**Joint venture**	**Joint venture**	**Associate**	Associate	Joint venture	Joint venture	Associate
% interests and voting rights(iv)	**31%(i)**	**50%**	**50%**	**36%**	39%(i)	50%	50%	50%
Total revenue	**252**	**321**	**195**	**273**	258	314	164	225
Net profit/(loss) from continuing operations	**104**	**(3)**	**11**	**60**	85	24	7	50
Other comprehensive income		**-**	**-**	**-**	-	-	-	-
Total comprehensive	**104**	**(3)**	**11**	**60**	**85**	**24**	**7**	**50**
Non-current assets	**2,855**	**22**	**33**	**11**	2,869	23	24	13
Current assets(v)	**130**	**878**	**1,411**	**1,569**	468	747	1,193	1,339
Non-current liabilities	**(1,280)**	**(473)**	**(35)**	**(4)**	(1,236)	(329)	(34)	(2)
Current liabilities	**(315)**	**(314)**	**(1,241)**	**(1,370)**	(746)	(332)	(1,051)	(1,188)
of which credit activities related liabilities	***-***	***(675)***	***(1,236)***	***(470)***	*-*	*(544)*	*(1,051)*	*(453)*
Net assets	**1,389**	**113**	**168**	**206**	**1,355**	**109**	**132**	**162**
Dividends received from associates or joint ventures	**34**	**-**	**-**	**6**	**43**	**6 (vi)**	**-**	**6(vii)**

(i) At 31 December 2019, the Group held 25% of the capital of Mercialys (Note 3.1.1). The Group considers that it exercises significant influence over the financial and operating policies of the Mercialys group. This position is based on (a) the absence of a majority vote on strategic decisions at meetings of the company's Board of Directors, which is mostly made up of independent directors, (b) the governance rules stipulating that Casino's representatives on the Mercialys Board may not take part in decisions concerning transactions carried out with the Group, (c) business contracts entered into between the Group and Mercialys on an arm's length basis, and (d) an analysis of the votes cast at recent shareholders' meetings of Mercialys (showing that Casino and its related parties do not control shareholder decisions at shareholders' meetings). The percentage interest is 31% and 39% respectively at 31 December 2019 and 2018.

(ii) Tuya was set up in partnership with Éxito and Bancolombia to manage the banking services offered to customers of the stores in Colombia, primarily the possibility of signing up for credit cards in the stores. The partnership structure changed in October 2016 when Éxito became a 50% shareholder of Tuya.

(iii) FIC was set up by GPA in partnership with Banco Itaú Unibanco SA ("Itaú Unibanco") to finance purchases by GPA's customers. It is accounted for using the equity method as GPA exercises significant influence over its operating and financial policies.

(iv) The percentage interest corresponds to that held by Casino, except in the case of Tuya (interest held by the Éxito sub-group) and FIC (interest held by GPA). Following the sale of Via Varejo, GPA now holds 36% of FIC's share capital and voting rights (42% and 50%, respectively, at end-2018).

(v) The current assets of Banque du Groupe Casino, Tuya and FIC primarily concern their credit business.

(vi) Stock dividends worth COP 20 billion (€6 million) paid to the joint venture partners.

(vii) In 2018, this amount only concerns GPA's direct interest and does not include €2 million in dividends received by Via Varejo.

3.3.2 Other investments in associates and joint ventures

The aggregate amounts of key financial statement items for other associates and joint ventures are not material. Dividends received from these associates and joint ventures amounted to €3 million in 2019 (2018: €5 million).

3.3.3 Changes in investments in equity-accounted investees

(€ millions)	
At 1 January 2018 (restated)	**563**
Impairment losses	-
Share of profit for the year[(i)]	17
Dividends	(55)
Other movements	(26)
At 31 December 2018 (restated)	**500**
Impairment losses	-
Share of profit for the year[(i)]	(18)
Retail	(43)
Other movements	(99)
At 31 December 2019 (restated)	**341**

(i) Including a negative €63 million and a negative €43 million relating to the share of profit/(loss) from the discontinued operations of Leader Price in 2019 and 2018, respectively (Note 2).

3.3.4 Impairment losses on investments in equity-accounted investees

With the exception of Mercialys, associates and joint ventures are privately-held companies for which no quoted market prices are available to estimate their fair value. The impairment tests carried out at 31 December 2019 and 31 December 2018 did not result in the recognition of any impairment loss.

The fair value of the investment in Mercialys at the reporting date was €346 million for 30.6% of net assets, determined using the share price on 31 December 2019 (31 December 2018: €432 million for 39.2%). This did not result in the recognition of any impairment loss. Mercialys' EPRA NNNAV at 31 December 2019 amounted to €1,837 million on a 100% basis, of which the Group's share was €562 million.

3.3.5 Share of contingent liabilities of equity-accounted investees

At 31 December 2019 and 31 December 2018, none of the Group's associates and joint ventures had any material contingent liabilities.

3.3.6 Related-party transactions (equity-accounted investees)

The related-party transactions shown below mainly concern transactions carried out in the normal course of business 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)	2019		2018 (restated)	
	Associates	**Joint ventures**	**Associates**	**Joint ventures**
Loans	**35**	**11**	28	11
o/w impairment	*(42)*	-	*(44)*	-
Receivables	**190**	**44**	139	48
o/w impairment	-	-	-	-
Payables	**15**	**283**	30	549
Expenses	**10**[(i)]	**1,520**[(ii)]	13[(i)]	2,323[(ii)]
Income	**760**[(iii)]	**51**	1,051[(iii)]	38

(i) Following the application of IFRS 16, the above amounts do not include the lease payments associated with the 63 leases signed with Mercialys. These payments represented €49 million in 2019 (2018: 70 leases for €53 million). At 31 December 2019, lease liabilities in favour of Mercialys for property assets amounted to €169 million, of which €41 million due within one year.

(ii) Including €1,234 million in fuel purchases from Distridyn and €235 million in goods purchases from CD Supply Innovation in 2019 (2018: €1,164 million and €1,127 million respectively).

(iii) Income of €760 million in 2019 (2018: €1,051 million) includes sales of goods by Franprix-Leader Price and Distribution Casino France to master franchisees accounted for by the equity method, for €593 million (2018: €899 million). It also includes income related to property development transactions with Mercialys reported under "Other revenue" for €95 million (2018: €33 million).

Transactions with Mercialys

Casino has entered into various agreements with Mercialys:

- Leases: Casino leases units in certain shopping centres from Mercialys, for which the lease payments are disclosed above.
- Asset management agreement: Casino provides rental management services for nearly all Mercialys properties. In both 2019 and 2018, the related management fees amounted to €6 million.
- Partnership agreement: this agreement was approved by Casino's Board of Directors on 19 June 2012 and an addendum was signed on 12 November 2014. The partnership's fundamental principle whereby Casino develops and manages a pipeline of projects that Mercialys acquires to feed its business growth has been maintained in the new agreement. The original agreement concerned a pipeline of projects offering satisfactory visibility. The new agreement enables Mercialys to propose new projects that will be examined by Casino and tracked during monitoring committee meetings.
  Casino will not undertake any work until the order is reconfirmed by Mercialys once the necessary permits have been obtained and leases have been signed on units representing at least 60% of projected rental revenues.
  The acquisition price of projects developed by Casino was calculated under the original agreement on the basis of (i) a rent capitalisation rate determined using a grid that is updated twice a year by reference to the rates used to value Mercialys' portfolio and (ii) projected rental revenues from the project. Under the new agreement, the projected internal rate of return (IRR) – within the range of 8% to 10% – may also be taken into account for pricing purposes.
  The principle whereby the upside and downside are shared equally between Casino and Mercialys has been maintained to take into account the actual conditions in which the assets will be marketed. For example, the price will be increased or reduced by 50% of any positive (upside) or negative (downside) difference between the actual rents negotiated during the marketing process and the rents projected at the outset. The contracts require the parties to meet during the pre-acquisition process.
  In exchange for the exclusive partnership, Mercialys has undertaken not to invest in any operations that could lead to a material increase in competition in the catchment area of any of the Casino Group's food stores. At the end of January 2017, the partnership agreement was extended by three years, until end-2020.
- Support services agreement: the Group provides administrative, finance/accounting, IT and real estate support services to Mercialys. In 2019, the related fees amounted to €2 million (2018: €2 million).
- Consulting services agreement: Mercialys makes available to Casino the services of its team of real estate portfolio enhancement specialists. This agreement had no material impact in 2019 or 2018.
  The parties decided to terminate the agreement on 31 December 2018. A new fixed-term agreement has been signed with an initial term of six months (1 January to 30 June 2019), covering asset management services provided by Mercialys' teams on projects managed on Casino's behalf. The agreement is automatically renewable for successive six-month terms up to a maximum of 48 months in total.
- Sale mandate: Casino seeks buyers for real estate assets on behalf of Mercialys.
- Current account agreement: on 8 September 2005, Mercialys entered into a current account and cash management agreement with Casino. Under this agreement, Mercialys and Casino set up a shareholder current account for all eligible payments, withdrawals or advances of funds between the two companies. Following the reduction in Casino's interest in Mercialys' share capital in 2012, the two parties decided to terminate the existing current account and cash management agreement and to enter into a new current account agreement. This agreement maintained Mercialys' current account with Casino, enabling it to benefit from cash advances of up to €50 million from Casino.
  The term of the agreement was extended on several occasions and expired on 31 December 2019. An addendum to the agreement was signed in December 2019, reducing the cash advance limit to €35 million. This amended agreement will expire on 31 December 2021.
- The Annual General Meeting of 25 April 2019 approved a related-party agreement between Mercialys and Casino, Guichard-Perrachon, pursuant to which Casino agreed to bear the specific costs incurred by Mercialys in connection with the sale by Casino, Guichard-Perrachon of all or some of its shares in Mercialys.

3.3.7 Commitments to joint ventures

The Group has given guarantees to joint ventures (also presented in Note 6.11.1) for an amount of €68 million at 31 December 2019, corresponding solely to its commitment to Distridyn (31 December 2018: €93 million, including €68 million on behalf of Distridyn and €25 million on behalf of CD Supply Innovation).

3.4 Commitments related to the scope of consolidation

3.4.1 Put options granted to owners of non-controlling interests – "NCI puts"

Accounting principle

The Group has granted put options to the owners of non-controlling interests in some of its subsidiaries. The exercise price may be fixed or based on a predetermined formula. The options may be exercisable at any time or on a specified date. In accordance with IAS 32, obligations under these NCI puts are recognised as "Financial liabilities"; fixed price options are recognised at their discounted present value and variable price options at fair value. NCI puts are presented on a separate line of the consolidated statement of financial position, "Put options granted to owners of non-controlling interests".

IAS 27 revised, which was effective for annual periods beginning on or after 1 January 2010, and subsequently IFRS 10, effective for annual periods beginning on or after 1 January 2014, describe the accounting treatment of acquisitions of additional shares in subsidiaries. The Group has decided to apply two different accounting methods for these NCI puts, depending on whether they were granted before or after 1 January 2010, as recommended by France's securities regulator (*Autorité des marchés financiers*):

- NCI puts granted before the effective date of IAS 27 revised are accounted for using the goodwill method whereby the difference between the financial liability and the carrying amount of the non-controlling interests is recognised in goodwill. In subsequent years, this liability is remeasured and any changes adjust goodwill.
- NCI puts granted since IAS 27 revised came into effect are accounted for as transactions between shareholders, with the difference between the financial liability and the carrying amount of the non-controlling interests recognised as a deduction from equity. In subsequent years, this liability is remeasured and any changes adjust equity.

"NCI puts" can be analysed as follows at 31 December 2019:

(€ millions)	% Group interest	Commitment to non-controlling interests	Fixed or variable exercise price	Non-current liabilities(iv)	Current liabilities(iv)
Franprix(i)	58.67% to 70.00%	30.00% to 41.33%	F/V	40	-
Éxito (Disco)(ii)	62.49%	29.82%	V	-	104
Distribution Casino France(iii)	60.00%	40.00%	V	19	-
Other				2	1
Total NCI put liabilities				**61**	**105**

(i) The value of NCI puts on subsidiaries of the Franprix sub-group is generally based on net profit or a multiple of net sales. A 10% increase or decrease in these indicators would not have a material impact. The options expire between 2020 and 2031.
(ii) This option is exercisable at any time until 21 June 2021. The exercise price is the highest amount obtained using different calculation formulas or a minimum price. At 31 December 2019, the exercise price represents the minimum price.
(iii) The value of the puts is based on a multiple of net sales generated by the five underlying Casino supermarkets. A 10% increase or decrease in the indicator would not have a material impact. The option is exercisable between 1 April and 30 June 2023.
(iv) At 31 December 2018, NCI put liabilities amounted to €188 million, including current liabilities of €126 million.

3.4.2 Off-balance sheet commitments

Accounting principle

Puts and calls relating to non-controlling interests are generally accounted for as derivative instruments. The exercise price of these options generally reflects the fair value of the underlying assets.
Under the terms of the option contracts, the exercise price of written put and call options may be determined using earnings multiples of the companies concerned. In this case, the options are valued based on the latest published earnings for options exercisable at any time and earnings forecasts or projections for options exercisable as of a given future date. In many cases, the put option written by the Group is matched by a call written by the other party; in these cases, the value shown corresponds to that of the written put.

Written put options on shares in non-controlled companies stood at €5 million at 31 December 2019 and concerned entities within the Monoprix sub-group (31 December 2018: €15 million, concerning entities within the Monoprix and Franprix-Leader Price sub-groups).

Call options granted to the Group on shares in non-controlled companies stood at €339 million at 31 December 2019 (31 December 2018: €348 million), and mainly concerned:

- The following call options in connection with transactions carried out with Mercialys:
  - call option on 100% of the assets or 100% of the shares of Hyperthetis Participations, exercisable from 31 December 2020 and until 31 March 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
  - call option on a property asset previously sold to Immosiris, exercisable between 31 March 2021 and 30 September 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
- Lastly, in connection with the transactions carried out with master franchisees in 2018 and 2017, the Group has call options on stores that are exercisable between 2020 and 2023 at prices based on a percentage of the improvement in EBITDA or a multiple of net sales.

3.5 Non-current assets held for sale and discontinued operations

Accounting principle

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this condition to be met, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to a plan to sell the asset which, in accounting terms, should result in the conclusion of a sale within one year of the date of this classification. Considering these characteristics, net assets held for sale attributable to owners of the parent of the selling subsidiary are presented as a deduction from net debt (Note 11).

Property, plant and equipment and intangible assets classified as held for sale are no longer depreciated or amortised.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs when the operation is disposed of or on a prior date when it fulfils the criteria for classification as held for sale.

When an operation is classified as discontinued, the comparative income statement and statement of cash flows are restated as if the operation had fulfilled the criteria for classification as discontinued as from the first day of the comparative period. Discontinued operations are presented on a separate line of the consolidated income statement, "Profit from discontinued operations", which includes the net profit or loss of the discontinued operation up to the date of disposal, and if appropriate, any impairment loss recognised to write down the net assets held for sale to their fair value less costs to sell and/or any after-tax disposal gains or losses.

3.5.1 Assets held for sale and liabilities associated with assets held for sale

(€ millions)	Notes	31 December 2019		31 December 2018 (restated)	
		Assets	**Liabilities**	**Assets**	**Liabilities**
Leader Price sub-group	2/3.5.2	**1,362**	**706**	-	-
Via Varejo sub-group	2/3.5.2	**-**	**-**	6,812	5,493
Other France Retail[(i)]		**1,077**	**161**	1,601	484
Other Latam Retail		**51**	**-**	20	-
Total		**2,491**	**867**	**8,433**	**5,977**
Net assets		**1,623**		2,456	
of which attributable to owners of the parent of the selling subsidiary	*11.2*	***1,604***		*1,686*	

(i) At 31 December 2019, this line corresponds mainly to stores and property assets for approximately €507 million (attributable to owners of the parent) relating to asset disposal plans and optimisation of the store base. At 31 December 2018, this line corresponded primarily to stores and property assets for €874 million (attributable to owners of the parent) relating to asset disposal plans and optimisation of the store base.

3.5.2 Discontinued operations

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

(€ millions)	2019	2018 (restated)
Net sales	**4,376**	8,528
Expenses	**(4,681)**	(8,500)
Gain on disposal of Via Varejo on 14 June 2019	**29**	-
Disposal proceeds	*615*	-
Disposal costs	*(39)*	-
Carrying amount of net assets sold	*(543)*	-
Other items of comprehensive income (loss) reclassified to profit or loss, net of tax(i)	*(4)*	-
Impairment loss resulting from the measurement of Leader Price at fair value less costs to sell(ii)	**(704)**	-
Net profit/(loss) before tax from discontinued operations	**(979)**	**27**
Income tax expense	**(16)**	(25)
Share of profit/(loss) of equity-accounted investees	**(60)**	(34)
Net profit/(loss) from discontinued operations(iii)	**(1,054)**	**(32)**
Attributable to owners of the parent	***(1,048)***	*(57)*
Attributable to non-controlling interests	***(6)***	*25*

(i) The reclassification of Via Varejo in "Discontinued operations" had no impact on other comprehensive income in 2018 or 2017. The sale of Via Varejo in 2019 did not lead to any related foreign currency translation adjustments being reclassified to profit or loss.

(ii) When the Franprix-Leader Price operating segment was separated in two in 2019, the breakdown of goodwill between the Leader Price, Franprix and Geimex businesses was measured based on the relative values of each of the businesses (value in use from the impairment test). The fair value of Leader Price is estimated based on an enterprise value of €735 million (including a €35 million earn-out contingent on the achievement of certain operating indicators during the transition period), less the estimated cost of the put options held by master franchisees and independent operators, and less the estimated future cash flow usage of the sub-group up to the effective date of the disposal.

(iii) Of which a loss of €1,047 million for Leader Price in 2019 including the impact on master franchisees of completed and ongoing changes in the scope of consolidation.

Earnings per share of discontinued operations are presented in Note 12.10.

Note 4 Additional cash flow disclosures

Accounting principle

The statement of cash flows is prepared using the indirect method starting from consolidated net profit/(loss) and is organised in three sections:

- Cash flows from operating activities, including taxes, transaction costs for acquisitions of subsidiaries, dividends received from associates and joint ventures and payments received in respect of government grants.
- Cash flows from/(used in) investing activities, including acquisitions of subsidiaries (excluding transaction costs), proceeds from disposals of subsidiaries (including transaction costs), acquisitions and disposals of investments in non-consolidated companies, associates and joint ventures (including transaction costs), contingent consideration paid for business combinations during the measurement period and up to the amount of the identified liability, and acquisitions and disposals of intangible assets and property plant and equipment (including transaction costs and deferred payments).
- Cash flows from/(used in) financing activities, including new borrowings and repayments of borrowings, issues of equity instruments, transactions between shareholders (including transaction costs and any deferred payments), repayments of lease liabilities, net interest paid (cash flows related to finance costs, non-recourse factoring and associated transaction costs, and interest on leases), treasury share transactions and dividend payments. This category also includes cash flows from trade payables requalified as debt.

4.1 Reconciliation of provision expense

(€ millions)	Notes	2019	2018 (restated)
Goodwill impairment	10.1.2	**(17)**	(1)
Impairment of intangible assets	10.2.2	**(8)**	(14)
Impairment of property, plant and equipment	10.3.2	**(70)**	(59)
Impairment of investment property	10.4.2	**(4)**	(1)
Impairment of right-of-use assets	7.1.1	**(11)**	(35)
Impairment of other assets		**(142)**	(172)
Net (additions to)/reversals of provisions for risks and charges		**5**	(11)
Total provision expense		**(248)**	**(292)**
Provision expense reported within discontinued operations		**6**	25
Provision expense adjustment in the statement of cash flows		**(241)**	**(266)**

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

(€ millions)	Notes	31 December 2018 (restated)	Cash flows from operating activities	Cash flows from operating activities, discontinued operations	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	IFRS 5 reclass.	Reclass. and other	31 December 2019
Goods inventories	6.6	**(3,655)**	**1**	**(35)**	**-**	**(13)**	**37**	**180**	**-**	**(3,485)**
Property development in progress	6.6	**(179)**	**(100)**	**1**	**-**	**(2)**	**-**	**(1)**	**(9)**	**(290)**
Trade payables	B/S	**6,668**	**328**	**(83)**	**-**	**33**	**(46)**	**(310)**	**(11)**	**6,580**
Trade receivables	6.7	**(905)**	**(64)**	**(134)**	**-**	**62**	**11**	**221**	**(26)**	**(836)**
Other (receivables)/payables	6.8.1 /6.9.1/ 6.10	**542**	**(74)**	**(2)**	**(463)**[i]	**134**	**5**	**27**	**134**	**302**
TOTAL		**2,471**	**92**	**(254)**	**(463)**	**213**	**8**	**117**	**88**	**2,272**

(€ millions)	Notes	1 January 2018 (restated)	Cash flows from operating activities	Cash flows from operating activities, discontinued operations	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	IFRS 5 reclass.	Reclass. and other	31 December 2018 (restated)
Goods inventories	6.6	(3,681)	(196)	-	-	(58)	177	124	(22)	(3,655)
Property development work in progress	6.6	(126)	(45)	4	-	(2)	4	12	(26)	(179)
Trade payables	B/S	6,644	374	(45)	-	47	(284)	(113)	45	6,668
Trade receivables	6.7	(888)	(90)	(31)	-	10	37	40	17	(905)
Other (receivables)/payables	6.8.1 /6.9.1/ 6.10	639	(159)	24	(56)	57	(8)	(41)	86	542
TOTAL		**2,588**	**(117)**	**(48)**	**(56)**	**54**	**(74)**	**22**	**101**	**2,471**

(i) In 2019, this amount mainly reflected the cash outflows related to financial assets (Note 4.11).

4.3 Reconciliation of acquisitions of non-current assets

(€ millions)	Notes	2019	2018 (restated)
Additions to and acquisitions of intangible assets	10.2.2	**(269)**	(271)
Additions to and acquisitions of property, plant and equipment	10.3.2	**(868)**	(879)
Additions to and acquisitions of investment property	10.4.2	**(14)**	(59)
Additions to and acquisitions of lease premiums included in right-of-use assets	7.1.1	**(8)**	(10)
Changes in amounts due to suppliers of non-current assets		**21**	(46)
Capitalised borrowing costs (IAS 23)[i]	10.3.3	**5**	11
Effect of discontinued operations		**26**	67
Cash used in acquisitions of intangible assets, property, plant and equipment and investment property		**(1,107)**	**(1,188)**

(i) Non-cash movements.

4.4 Reconciliation of disposals of non-current assets

(€ millions)	Notes	2019	2018 (restated)
Disposals of intangible assets	10.2.2	**7**	3
Disposals of property, plant and equipment	10.3.2	**188**	326
Disposals of investment property	10.4.2	**-**	1
Disposals of lease premiums included in right-of-use assets	7.1.1	**8**	13
Gains on disposals of non-current assets[i]		**61**	232
Changes in receivables related to non-current assets		**(32)**	(26)
Reclassification of non-current assets as "Assets held for sale"		**664**	693
Effect of discontinued operations		**(7)**	(12)
Cash from disposals of intangible assets, property, plant and equipment and investment property		**890**	**1,230**

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

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

(€ millions)	2019	2018 (restated)
Amount paid for acquisitions of control	(12)	(62)
Cash acquired/(bank overdrafts assumed) in acquisitions of control	6	(18)
Proceeds from losses of control	227	13
(Cash sold)/bank overdrafts transferred in losses of control	(4)	-
Effect of changes in scope of consolidation resulting in acquisition or loss of control	**218**	**(66)**

In 2019, the net impact of these transactions on the Group's cash and cash equivalents mainly comprised:
- the loss of control of loss-making stores in connection with the plan to optimise the store base, for €166 million (Note 2);
- the sale of the contract catering services business and of restaurants.

In 2018, the net impact of these transactions on the Group's cash and cash equivalents mainly comprised:
- an outflow of €43 million for the acquisition of Sarenza (Note 3.2.1), including the €20 million negative cash acquired and the €22 million sale price paid;
- an outflow of €29 million for the acquisition of various controlling interests in the Franprix sub-group for €28 million;
- an inflow of €6 million in connection with the loss of control of the Franprix sub-group.

4.6 Effect of changes in scope of consolidation related to equity-accounted investees

(€ millions)	2019	2018
Amount paid for the acquisition of shares in equity-accounted investees	(35)	(39)
Amount received from the sale of shares in equity-accounted investees	(4)	209
Effect of changes in scope of consolidation related to equity-accounted investees	**(39)**	**170**

In 2018, the net impact of these transactions resulted for the most part from the block sale of Mercialys shares representing 15% of the capital (Note 3.1.1).

4.7 Reconciliation of dividends paid to non-controlling interests

(€ millions)	Notes	2019	2018 (restated)
Dividends paid and payable to non-controlling interests	12.8	(92)	(103)
Payment during the year of dividends accrued at the prior year-end		9	(2)
Effect of movements in exchange rates		(1)	(2)
Effect of discontinued operations		-	2
Dividends paid to non-controlling interests as presented in the statement of cash flows		**(83)**	**(104)**

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

(€ millions)	Notes	2019	2018 (restated)
GPA – acquisition of 41.27% of Éxito shares	2	(917)	-
Vindémia – purchase of the non-controlling interests in the Mayotte subsidiary		(18)	-
GreenYellow – disposal without loss of control (2018)		(12)	149
Distribution Casino France – Disposal without loss of control		-	20
Éxito - transactions with property companies(i)		(11)	77
Public tender offer for Cnova N.V. shares		-	(3)
Other		(12)	(13)
Effect on cash and cash equivalents of transactions with non-controlling interests		**(971)**	**231**

(i) See footnote (viii) of the 2018 consolidated statement of changes in equity.

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

(€ millions)	Notes	2019	2018 (restated)
Change in cash and cash equivalents		**(984)**	377
Additions to loans and borrowings[i]		**(4,542)**	(1,543)
Repayments of loans and borrowings[i]		**3,694**	1,330
Non-cash changes in debt[i]		**129**	449
Change in net assets held for sale attributable to owners of the parent		***(160)***	*628*
Change in other financial assets		***274***	*48*
Effect of changes in scope of consolidation		***95***	*(225)*
Change in fair value hedges		***(85)***	*(60)*
Change in accrued interest		***(26)***	*25*
Other		***31***	*32*
Effect of movements in exchange rates[i]		**55**	158
Change in loans and borrowings of discontinued operations		**974**	(61)
Change in net debt		**(675)**	**711**
Net debt at beginning of period[ii]		**3,378**	4,088
Net debt at end of period	11.2	**4,053**	3,378

(i) These impacts relate exclusively to continuing operations.
(ii) Taking into account the impact of IFRS 16 for a negative €57 million at 1 January 2018 and a negative €44 million at 1 January 2019.

4.10 Reconciliation of net interest paid

(€ millions)	Notes	2019	2018 (restated)
Net finance costs reported in the income statement	**11.3.1**	**(356)**	**(320)**
Neutralisation of unrealised exchange gains and losses		**13**	4
Neutralisation of amortisation of debt issuance/redemption costs and premiums		**41**	27
Capitalised borrowing costs	10.3.3	**(5)**	(11)
Change in accrued interest and in fair value hedges of borrowings[i]		**23**	(35)
Interest paid on lease liabilities	11.3.2	**(256)**	(214)
Non-recourse factoring and associated transaction costs	11.3.2	**(77)**	(81)
Interest paid, net as presented in the statement of cash flows		**(617)**	**(629)**

(i) In 2018, the item includes the impact of unwinding interest rate swaps in France for €59 million.

4.11 Cash outflows related to acquisitions of financial assets

In 2019, cash outflows related to acquisitions of financial assets amounted to €440 million, mainly breaking down as (i) a payment of €291 million relating to the refinancing transactions into an escrow account, which had a balance of €193 million at 31 December 2019 (Note 6.8.1), and (ii) a cash outflow of €109 million arising on unwinding the forward contract on GPA shares (Note 11.3.2).

Note 5 Segment information

Accounting principle

In accordance with IFRS 8 – Operating Segments, segment information is disclosed on the same basis as the Group's internal reporting system used by the chief operating decision maker (the Chairman and Chief Executive Officer) in deciding how to allocate resources and in assessing performance.

The Group's reportable segments are as follows:

- France Retail: reportable segment comprising retail operating segments (mainly the Casino, Monoprix, Franprix and Vindémia sub-group banners);
- Latam Retail: reportable segment comprising food retailing operating segments in Latin America (mainly the GPA food banners and the Éxito, Disco-Devoto and Libertad sub-group banners);
- E-commerce: reportable segment comprising Cdiscount and the Cnova N.V. holding company.

During the year, the Franprix-Leader Price operating segment was separated into Franprix, Leader Price and Geimex.

The operating segments included in France Retail and Latam Retail have similar businesses in terms of product type, assets and human resources required for operations, customer profile, distribution methods, marketing offer and long-term financial performance.

These reportable segments reflect pure retail activities and retail-related activities. Given the dual strategy and the interconnection between retail and real estate, the operating segments include real estate asset management activities, property development activities and energy-related activities.

Management assesses the performance of these segments on the basis of net sales, trading profit (which includes the allocation of holding company costs to all of the Group's business units) and EBITDA. EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring depreciation and amortisation expense.

Segment assets and liabilities are not specifically reported internally for management purposes and are therefore not disclosed in the Group's IFRS 8 segment information.

Segment information is determined on the same basis as the consolidated financial statements.

5.1 Key indicators by reportable segment

(€ millions)	France Retail	Latam Retail	E-commerce	2019
External net sales (Note 6.1)	**16,322**	**16,358**	**1,966**	**34,645**
EBITDA	**1,467 (i)**	**1,104**	**69**	**2,640**
Recurring depreciation and amortisation (Notes 6.3 and 6.4)	**(791)**	**(492)**	**(65)**	**(1,348)**
Trading profit	**676 (i)**	**612**	**4**	**1,292**

(i) Of which €56 million for property development transactions carried out in France, corresponding in 2019 to the recognition of previously eliminated margins on property development transactions involving Casino and Mercialys following the decrease in Casino's stake in Mercialys (Note 3.3.3).

(€ millions)	France Retail	Latam Retail	E-commerce	2018 (restated)
External net sales (Note 6.1)	16,786	15,577	1,965	34,329
EBITDA	1,413 (i)	1,217 (ii)	39	2,669
Recurring depreciation and amortisation (Notes 6.3 and 6.4)	(795)	(459)	(51)	(1,305)
Trading profit/(loss)	618 (i)	758 (ii)	(12)	1,364
Including effect of applying IFRS 16 on EBITDA	*513*	*285*	*19*	*818*
Including effect of applying IFRS 16 on trading profit/(loss)	*64*	*114*	*1*	*179*

(i) Of which €63 million for property development transactions carried out in France.
(ii) Of which BRL 481 million (€111 million) in respect of tax credits recognised by GPA during the period (mainly reversal of the valuation allowance on Assai's ICMS-ST tax credit following a change in the law).

5.2 Key indicators by geographical area

(€ millions)	France	Latin America	Other regions	Total
External net sales for 2019	**18,285**	**16,343**	**17**	**34,645**
External net sales for 2018 (restated)	18,747	15,568	13	34,329

(€ millions)	France	Latin America	Other regions	Total
Non-current assets at 31 December 2019[(i)]	**10,628**	**9,897**	**59**	**20,584**
Non-current assets at 31 December 2018 (restated)[(i)]	12,648	9,687	60	22,395

(i) Non-current assets include goodwill, intangible assets and 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 Activity data

6.1 Total revenue

Accounting principle

Total revenue:

Total revenue is analysed between “Net sales” and “Other revenue”.

“Net sales" include sales by the Group’s stores, service stations, e-commerce sites and restaurants, franchise fees, revenues from business leases and financial services revenues.
Most of the amount reported under Group “Net sales” corresponds to revenue included in the scope of IFRS 15.

“Other revenue" consists of revenue from the property development and property trading businesses, rental revenues, miscellaneous service revenues, incidental revenues and revenues from secondary activities, and revenues from the energy business.
The majority of amounts reported under “Other revenue” are included in the scope of IFRS 15, while rental revenues are included in the scope of IFRS 16.

Revenue is measured at the contract price, corresponding to the consideration to which the Group expects to be entitled in exchange for the supply of goods or services. The transaction price is allocated to the performance obligations in the contract, which represent the units of account for revenue recognition purposes. Revenue is recognised when the performance obligation is satisfied, i.e., when control of the good or service passes to the customer. Revenue may therefore be recognised at a specific point in time or over time based on the stage of completion.

The Group’s main sources of revenue are as follows:

- Sales of goods (including through the property trading business): in this case, the Group generally has only one performance obligation, that of delivering the good to the customer. Revenue from these sales is recognised when control of the good is transferred to the customer upon delivery, i.e., generally:
  - at the checkout for in-store sales,
  - on receipt of the goods by the franchisee or affiliated store;
  - on receipt of the goods by the customer for e-commerce sales.
- Sales of services, for example sales of subscriptions, franchising fees, logistics services, rental revenue and property management services: in this case, for operations included in the scope of IFRS 15, the Group generally has only one performance obligation, to supply the service, and the related revenues are recognised over the period in which the services are performed.
- Property development revenues: in this case, the Group generally has several performance obligations, some of which may be satisfied at a given point in time and others over time based on the project’s percentage of completion. Profit from property development activities is generally calculated on a percentage-of-completion basis by reference to the projected margin on completion weighted by the percentage of completion determined by the inputs method.
- Revenues from the energy business, for which the Group generally identifies a performance obligation when the solar power plant is delivered (in exchange for variable consideration in some cases) or when the energy performance contracts are sold. The Group also sells energy services for which the related revenue is recognised when the service is performed.

The vast majority of revenues are recognised at a given point in time.

If settlement of the consideration is deferred for an unusually long time and no promise of financing is explicitly stated in the contract or implied by the payment terms, revenue is recognised by adjusting the consideration for the effects of the time value of money. If significant, the difference between this price and the unadjusted transaction price is recognised in "Other financial income" over the payment deferral period, determined using the effective interest method.

The Group operates loyalty programmes that enable customers to obtain discounts or award credits on their future purchases. Award credits granted to customers under loyalty programmes represent a performance obligation that is separately identifiable from the initial sales transaction. This performance obligation gives rise to the recognition of a contract liability. The corresponding revenue is deferred until the award credits are used by the customer.

Contract assets and liabilities, incremental costs to obtain a contract and costs to fulfil a contract

- A contract asset corresponds to an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. Based on this definition, a receivable does not constitute a contract asset.

The Group recognises a contract asset when it has fulfilled all or part of its performance obligation but does not have an unconditional right to payment (i.e., the Group does not yet have the right to invoice the customer). In light of its business, contract assets recognised by the Group are not material.

- A contract liability corresponds to an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.

The Group recognises contract liabilities mainly for award credits granted under its loyalty programmes, advances received and sales for which all or part of the performance obligation has not yet been fulfilled (e.g., sales of subscriptions and gift cards, and future performance obligations of the property development business for which the customer has already been invoiced followed by payment of consideration).

- The incremental costs to obtain a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained and which it expects to recover.

The costs to fulfil a contract are costs related directly to a contract that generate or enhance the resources that will be used by the Group in satisfying its performance obligations and which it expects to recover.
For the Group, the costs to obtain and fulfil contracts correspond primarily to the costs incurred in connection with its franchising and affiliation business. These costs are capitalised and amortised over the life of the franchise or affiliation contract. The capitalised amounts are tested regularly for impairment (Note 1.3).

Contract assets and the costs to obtain and fulfil contracts are tested for impairment under IFRS 9.

6.1.1 Breakdown of total revenue

(€ millions)	France Retail	Latam Retail	E-commerce	2019
Net sales	**16,322**	**16,358**	**1,966**	**34,645**
Other revenue	**494**	**171**	**-**	**665**
Total revenue	**16,816**	**16,528**	**1,966**	**35,310**

(€ millions)	France Retail	Latam Retail	E-commerce	2018 (restated)
Net sales	16,786	15,577	1,965	34,329
Other revenue	382	151	-	533
Total revenue	**17,169**	**15,728**	**1,965**	**34,862**

6.1.2 Incremental costs of obtaining and fulfilling contracts, contract assets and liabilities

(€ millions)	Notes	2019	2018 (restated)
Costs to obtain contracts included in "Intangible assets"	10.2	**113**	152
Contract assets	6.8/6.9	**11**	10
Right-of return assets included in inventories	6.6	**2**	3
Contract liabilities	6:10	**150**	119

In 2019, the Group reviewed the presentation of costs to obtain contracts (Note 1.3).

6.2 Cost of goods sold

Accounting principle

Gross margin

Gross margin corresponds to the difference between "Net sales" and the "Cost of goods sold".

“Cost of goods sold" comprises the cost of purchases net of discounts, commercial cooperation fees and any tax credits associated with the purchases, changes in retail inventories and logistics costs. It also includes property development and property trading business costs and changes in the related inventories.

Commercial cooperation fees are measured based on contracts signed with suppliers. They are billed in instalments over the year. At each year-end, an accrual is recorded for the amount receivable or payable, corresponding to the difference between the value of the services actually rendered to the supplier and the sum of the instalments billed during the year.

Change in inventories

Changes in inventories, which may be positive or negative, are determined after taking into account any impairment losses.

Logistics costs

Logistics costs correspond to the cost of logistics operations managed or outsourced by the Group, comprising all warehousing, handling and freight costs incurred after goods are first received at one of the Group’s sites. Transport costs included in suppliers’ invoices (e.g., for goods purchased on a "delivery duty paid" or "DDP" basis) are included in “Purchases and change in inventories”. Outsourced transport costs are recognised under "Logistics costs".

(€ millions)	Note	2019	2018 (restated)
Purchases and change in inventories		**(25,102)**	(24,502)
Logistics costs	6.3	**(1,445)**	(1,397)
Cost of goods sold		**(26,547)**	**(25,899)**

6.3 Expenses by nature and function

Accounting principle

Selling expenses
"Selling expenses" consist of point-of-sale costs.

General and administrative expenses
General and administrative expenses correspond to overheads and the cost of corporate units, including the purchasing and procurement, sales and marketing, IT and finance functions.

Pre-opening and post-closure costs
Pre-opening costs that do not meet the criteria for capitalisation and post-closure costs are recognised in operating expense when incurred.

(€ millions)	Logistics costs(i)	Selling expenses	General and administrative expenses	2019
Employee benefits expense	**(545)**	**(2,831)**	**(784)**	**(4,160)**
Other expenses	**(759)**	**(2,247)**	**(404)**	**(3,409)**
Depreciation and amortisation (Notes 5.1/6.4)	**(142)**	**(1,022)**	**(183)**	**(1,348)**
Total	**(1,445)**	**(6,100)**	**(1,371)**	**(8,916)**

(€ millions)	Logistics costs(i)	Selling expenses	General and administrative expenses	2018 (restated)
Employee benefits expense	(526)	(2,990)	(786)	**(4,301)**
Other expenses	(736)	(2,256)	(397)	**(3,390)**
Depreciation and amortisation (Notes 5.1/6.4)	(135)	(998)	(172)	**(1,305)**
Total	**(1,397)**	**(6,244)**	**(1,355)**	**(8,996)**

(i) Logistics costs are reported under "Cost of goods sold".

A competitiveness and employment tax credit (CICE) has been introduced in France. It corresponds to a tax credit (repayable from the end of the third year) of 6% in 2018 (9% for Vindémia) based on salaries equal to or less than 2.5x the French minimum wage. In 2018, the CICE tax benefit of €78 million was recognised as a deduction from employee benefits expense, of which €4.5 million included within "Profit/(loss) from discontinued operations" of Leader Price. The receivable was sold on a no-recourse basis. The CICE has been abolished with effect from 1 January 2019 and replaced by a reduction in social security contributions.

6.4 Depreciation and amortisation

(€ millions)	Notes	2019	2018 (restated)
Amortisation of intangible assets	10.2.2	**(177)**	(160)
Depreciation of property, plant and equipment	10.3.2	**(476)**	(518)
Depreciation of investment property	10.4.2	**(14)**	(8)
Depreciation of right-of-use assets	7.1.1	**(750)**	(691)
Total depreciation and amortisation expense		**(1,417)**	**(1,377)**
Depreciation and amortisation reported under "Profit from discontinued operations"		**70**	72
Depreciation and amortisation of continuing operations	**5.1/6.3**	**(1,348)**	**(1,305)**

6.5 Other operating income and expenses

Accounting principle

This caption covers two types of items:

- Income and expenses which, by definition, are not included in an assessment of a business unit's recurring operating performance, such as gains and losses on disposals of non-current assets, impairment losses on non-current assets, and income/expenses related to changes in the scope of consolidation (for example, transaction costs and fees for acquisitions of control, gains and losses from disposals of subsidiaries, remeasurement at fair value of previously-held interests).
- Income and expenses arising from major events occurring during the period that would distort analyses of the Group's recurring profitability. They are defined as significant items of income and expense that are limited in number, unusual or abnormal, whose occurrence is rare. Examples include restructuring costs (such as reorganisation costs and the costs of converting stores to new concepts) and provisions and expenses for litigation and risks (including discounting adjustments).

(€ millions)	2019	2018 (restated)
Total other operating income	**61**	350
Total other operating expenses	**(779)**	(751)
	(719)	**(402)**
Breakdown by type		
Gains and losses on disposal of non-current assets(i)(vii)	**(7)**	255
Net asset impairment losses(ii)(vii)	**(160)**	(204)
Net income/(expense) related to changes in scope of consolidation(iii)(vii)	**(198)**	(146)
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	**(364)**	**(94)**
Restructuring provisions and expenses(iv)(iii)(vii)	**(210)**	(216)
Provisions and expenses for litigation and risks(v)	**(95)**	(80)
Other(vi)	**(50)**	(12)
Sub-total	**(355)**	**(308)**
Total net other operating income (expenses)	**(719)**	**(402)**

(i) The net loss on disposal of non-current assets in 2019 mainly concerns the France Retail sector with a loss of €37 million arising mainly on the disposal of property assets (the main assets sold are detailed in Note 2), and the Latam Retail sector with a gain of €31 million. The net gain on disposal of non-current assets in 2018 primarily concerned the France Retail segment and especially disposals of Monoprix store properties.

(ii) The impairment loss recognised in 2019 mainly concerns the France Retail segment and relates to the asset disposal plan. The impairment loss recognised in 2018 mainly concerned the France Retail segment.

(iii) The expense relating to the store optimisation plan in the France Retail segment, including employee costs, store closure costs, inventory reduction costs and impairment totalled €151 million in 2019 (of which primarily €69 million corresponding to changes in scope and €76 million to restructuring). Other changes in scope of consolidation relate mainly to the France Retail and Latam Retail segments and include fees of €36 million arising on the reorganisation of operations in Latin America. The net expense of €146 million recorded in 2018 resulted primarily from the reclassification to profit or loss, in accordance with IAS 21, of foreign currency translation adjustments accumulated in the foreign currency translation reserve for an amount of €67 million (Note 12.7.2).

(iv) Excluding the impact of the store optimisation plan set out in the previous footnote, restructuring provisions and expenses for 2019 mainly concern the France Retail and Latam Retail segments for €59 million and €70 million, respectively. Restructuring provisions and expenses in 2018 primarily concerned the France Retail segment for €148 million, relating mostly to employee costs and store closure costs, and the Latam Retail segment for €56 million (mainly GPA).

(v) Provisions and expenses for litigation and risks represented a net expense of €95 million in 2019, including €36 million for tax risks at GPA. Provisions and expenses for litigation and risks represented a net expense of €80 million in 2018, including €35 million for tax risks at GPA.

(vi) Including €32 million in costs relating to the digitalisation programme at Distribution Casino France (Hypermarkets & Supermarkets division). This new strategy focused on transforming its bricks-and-mortar stores into autonomous, dynamic spaces is primarily based on the development of the Casino Max app, supported by unprecedented efforts to secure customer loyalty, generating further costs.

(vii) Reconciliation of impairment losses with the analysis of changes in non-current assets:

(€ millions)	Notes	2019	2018 (restated)
Goodwill impairment losses	10.1.2	**(17)**	(1)
Impairment (losses)/reversals on intangible assets, net	10.2.2	**(8)**	(14)
Impairment (losses)/reversals on property, plant and equipment, net	10.3.2	**(70)**	(59)
Impairment (losses)/reversals on investment property, net	10.4.2	**(4)**	(1)
Impairment (losses)/reversals on right-of-use assets, net	7.1.1	**(11)**	(35)
Impairment (losses)/reversals on other assets, net (IFRS 5 and other)		**(142)**	(180)
Total net impairment losses		**(253)**	**(289)**
Net impairment losses of discontinued operations		**10**	-
Net impairment losses of continuing operations		**(243)**	**(289)**
o/w presented under "Restructuring provisions and expenses"		***(52)***	*(69)*
o/w presented under "Net impairment (losses)/reversals on assets"		***(160)***	*(204)*
o/w presented under "Net income/(expense) related to changes in scope of consolidation"		***(32)***	*(19)*
o/w presented under "Gains and losses on disposal of non-current assets"		***-***	*4*

6.6 Inventories

Accounting principle

Inventories are measured at the lower of cost and probable net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions for impairment of inventories is recognised if the probable net realisable value is lower than cost. This analysis takes into account the business unit's operating environment and the type, age, turnover characteristics and sales pattern of the products concerned.

The cost of inventories is determined by the first-in-first-out (FIFO) method, except for inventories held by the GPA sub-group which uses the weighted average unit cost method, primarily for tax reasons. As GPA's inventory turnover rate is very high, inventory values would not be materially different if the FIFO method was applied. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing them to their present location and condition. Accordingly, logistics costs are included in the carrying amount together with supplier discounts deducted from "Cost of goods sold". The cost of inventories also includes gains or losses on cash flow hedges of future inventory purchases initially accumulated in equity.

For its property development and property trading businesses, the Casino Group recognises assets and projects in progress in inventories.

(€ millions)	31 December 2019	31 December 2018 (restated)
Goods	**3,532**	3,704
Property assets	**300**	206
Gross amount	**3,833**	**3,910**
Accumulated impairment losses on goods	**(48)**	(49)
Accumulated impairment losses on property assets	**(10)**	(27)
Accumulated impairment losses	**(58)**	**(76)**
Net inventories (Note 4.2)	**3,775**	**3,834**

6.7 Trade receivables

Accounting principle

The Group's trade receivables are current financial assets (Note 11) that correspond to an unconditional right to receive consideration. They are initially recognised at fair value and subsequently measured at amortised cost less any impairment losses. The fair value of trade receivables usually corresponds to the amount on the invoice. A loss allowance for expected credit losses is recorded upon recognition of the receivable. The Group applies the simplified approach for the measurement of expected credit losses on all of its trade receivables, which are determined based on credit losses observed for receivables with the same profile, as adjusted to take into account forward-looking factors such as the customer's credit status or the economic environment.
Trade receivables can be sold to banks and continue to be carried as assets in the statement of financial position for as long as the contractual cash flows and substantially all the related risks and rewards are not transferred to a third party.

6.7.1 Breakdown of trade receivables

(€ millions)	Notes	31 December 2019	31 December 2018
Trade receivables	11.5.3	**940**	1,030
Accumulated impairment losses on trade receivables	6.7.2	**(104)**	(125)
Net trade receivables	4.2	**836**	**905**

6.7.2 Accumulated impairment losses on trade receivables

(€ millions)	2019	2018
Accumulated impairment losses on trade receivables at 1 January	**(125)**	(132)
Additions	**(44)**	(76)
Reversals	**59**	78
Other (changes in scope of consolidation, reclassifications and foreign exchange differences)	**7**	4
Accumulated impairment losses on trade receivables at 31 December	**(104)**	**(125)**

The criteria for recognising impairment losses are presented in Note 11.5.3 "Counterparty risk".

6.8 Other current assets

6.8.1 Breakdown of other current assets

(€ millions)	Notes	31 December 2019	31 December 2018 (restated)
Other receivables		**913**	1,022
Financial assets held for cash management purposes and short-term financial investments	11.2	**1**	37
Financial assets arising from a significant disposal of non-current assets	11.2	**31**	41
Guarantees and escrow accounts(i)	11.2.1	**257**	-
Tax and employee-related receivables in Brazil	6.9	**242**	137
Current accounts of non-consolidated companies		**12**	30
Accumulated impairment losses on other receivables and current accounts	6.8.2	**(33)**	(31)
Fair value hedges – assets	11.5.1	**17**	34
Derivatives not qualifying for hedge accounting and cash flow hedges – assets	11.5.1	**7**	6
Contract assets	6.1.2	**11**	10
Prepaid expenses		**80**	97
Other current assets		**1,536**	**1,383**

(i) Of which €193 million relating to the November 2019 refinancing transactions (Note 2).

Other receivables primarily include tax and employee-related receivables (excluding Brazil) and receivables from suppliers. Prepaid expenses mainly concern purchases, rent, other occupancy costs and insurance premiums.

6.8.2 Accumulated impairment losses on other receivables and current accounts

(€ millions)	2019	2018
Accumulated impairment losses on other receivables and current accounts at 1 January	**(31)**	**(29)**
Additions	**(51)**	(42)
Reversals	**47**	38
Other (changes in scope of consolidation, reclassifications and foreign exchange differences)	**2**	2
Accumulated impairment losses on other receivables and current accounts at 31 December	**(33)**	**(31)**

6.9 Other non-current assets

6.9.1 Analysis of other current assets

(€ millions)	Notes	31 December 2019	31 December 2018 (restated)
Financial assets at fair value through profit or loss		**41**	35
Financial assets at fair value through other comprehensive income		**4**	4
Financial assets arising from a significant disposal of non-current assets	11.2.1	**29**	-
Non-current fair value hedges – assets	11.5.1	**62**	67
Other financial assets		**303**	285
Loans		***121***	*165*
Non-hedging derivatives – assets	*11.5.1*	***7***	*9*
Other long-term receivables		***175***	*111*
Tax and employee-related receivables in Brazil (see below)		**599**	618
Legal deposits paid by GPA	13.2	**176**	175
Impairment of other non-current assets	6.9.2	**(46)**	(48)
Prepaid expenses		**15**	16
Other non-current assets		**1,183**	**1,151**

GPA has a total of €841 million in tax receivables (of which €599 million in long-term receivables and €242 million in short-term receivables), corresponding primarily to ICMS (VAT) for €580 million, PIS/COFINS (VAT) and INSS (employer social security contributions). GPA expects the main tax receivable (ICMS) to be recovered as follows:

(€ millions)	31 December 2019
Within one year	**97**
In one to five years	**320**
In more than five years	**163**
Total	**580**

GPA recognises ICMS and other tax credits when it has formally established and documented its right to use the credits and expects to use them within a reasonable period. These credits are mainly recognised as a deduction from the cost of goods sold.

6.9.2 Impairment of other non-current assets

(€ millions)	2019	2018
Accumulated impairment losses on other non-current assets at 1 January	**(48)**	**(69)**
Additions	**-**	-
Reversals	**-**	-
Other reclassifications and movements	**2**	21
Accumulated impairment losses on other non-current assets at 31 December (i)	**(46)**	**(48)**

(i) Corresponding mainly to impairment losses recognised on loans granted by Franprix to master franchisees following the inclusion of the share of losses from non-controlling interests of Casino in certain stores of these master franchisees.

6.10 Other liabilities

(€ millions)	31 December 2019			31 December 2018 (restated)		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Derivative instruments – liabilities (Note 11.5.1) (i)	**41**	**185**	**227**	285	2	288
Tax and employee benefits payable	**98**	**1,281**	**1,378**	135	1,383	1,518
Sundry liabilities	**36**	**946**	**982**	36	803	839
Amounts due to suppliers of non-current assets	**-**	**192**	**192**	1	204	205
Current account advances	**-**	**2**	**2**	-	26	26
Contract liabilities (Note 6.1.2)	**-**	**150**	**150**	2	116	119
Deferred income	**8**	**83**	**90**	4	78	82
TOTAL	**181**	**2,839**	**3,021**	**464**	**2,613**	**3,076**

(i) Primarily comprises the fair value of the GPA total return swap (TRS) (Note 11.3.2).

6.11 Off-balance sheet commitments

Accounting principle

At every year-end, Management determines, to the best of its knowledge, that there are no off-balance sheet commitments likely to have a material effect on the Group's current or future financial position other than those described in this note.

The completeness of this information is checked by the Finance, Legal and Tax departments, which also participate in drawing up contracts that are binding on the Group.

Commitments entered into in the ordinary course of business mainly concern the Group's operating activities except for undrawn confirmed lines of credit, which represent a financing commitment.

Off-balance sheet commitments relating to the scope of consolidation are presented in Note 3.4.2.

6.11.1 Commitments given

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts that might have to be paid under guarantees issued by the Group. They are not netted against sums which might be recovered through legal action or counter-guarantees received by the Group.

(€ millions)	31 December 2019	31 December 2018
Assets pledged as collateral(i)	**206**	209
Bank guarantees given(ii)	**2,343**	2,286
Guarantees given in connection with disposals of non-current assets	**15**	32
Other commitments	**62**	61
Total commitments given	**2,625**	**2,588**
Expiring:		
Within one year	***140***	*170*
In one to five years	***2,476***	*2,410*
In more than five years	***9***	*7*

(i) Current and non-current assets pledged, mortgaged or otherwise given as collateral. As at 31 December 2019, this concerns GPA for €189 million, mainly in connection with the tax disputes described in Note 13.2 (31 December 2018: €192 million). The amount of €206 does not include the guarantees given in connection with the refinancing transaction in November 2019 (Note 11.5.4).

(ii) At 31 December 2019, this amount includes €2,252 million in bank guarantees obtained by GPA (31 December 2018: €2,137 million) mainly in connection with the tax disputes described in Note 13.2. It also comprises guarantees issued on behalf of joint ventures for €68 million (31 December 2018: €93 million), as described in Note 3.3.7.

6.11.2 Commitments received

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts in respect of commitments received.

(€ millions)	31 December 2019	31 December 2018
Bank guarantees received	**64**	63
Secured financial assets	**91**	89
Undrawn confirmed lines of credit (Note 11.2.4)	**2,666**	3,404
Other commitments	**20**	25
Total commitments received	**2,841**	**3,581**
Expiring:		
Within one year	***350***	*419*
In one to five years	***2,364***	*3,037*
In more than five years	***127***	*126*

Note 7 Leases

Accounting principle

Group as lessee

The Group is a lessee in a large number of property leases primarily relating to store properties, warehouses, office buildings and apartments for lessee managers. It also acts as lessee in leases of vehicles, store machinery and equipment (notably cooling systems) and logistics equipment, primarily in France.

The Group's lease contracts are recognised in accordance with IFRS 16 – *Leases*, taking into account the terms and conditions of each agreement and all relevant facts and circumstances.
At the inception of such contracts, the Group determines whether or not they meet the definition of (or contain) a lease, i.e., whether they convey the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are carried in the lessee's statement of financial position as follows:
- a right-of-use asset reflecting the right to use a leased asset over the lease term is recorded in "Right-of-use assets" in the consolidated statement of financial position;
- a lease liability reflecting the obligation to make lease payments over that same period is recorded in "Current lease liabilities" and "Non-current lease liabilities" in the consolidated statement of financial position. Lease liabilities are not included in the calculation of consolidated net debt.

Initial measurement

At the lease commencement date:
- lease liabilities are recognised at the present value of future fixed lease payments over the estimated term of the lease, as determined by the Group. The Group generally uses its incremental borrowing rate to discount these future lease payments. Future fixed lease payments include adjustments for payments that depend on an index or a contractually defined growth rate. They can also include the value of a purchase option or estimated early termination penalties, when Casino is reasonably certain to exercise these options. Any lease incentives receivable at the lease commencement date are deducted from the fixed lease payments;
- right-of-use assets are recognised for the value of the lease liabilities, less any lease incentives received from the lessor, plus any lease payments made at or before the commencement date, initial direct costs and an estimate of costs to be incurred in respect of any contractual restoration obligations.

The Group only includes the lease component of the contract when measuring its lease liabilities. For certain categories of assets where the lease includes a service component as well as a lease component, the Group may recognise a single lease contract (i.e., with no distinction between the service and lease components).

Subsequent measurement

Lease liabilities are carried at amortised cost using the effective interest rate method.

Lease liabilities are:
- increased by interest expenses, as calculated by applying a discount rate to the liabilities at the start of the financial period. These interest expenses are recognised in the income statement within "Other financial expenses";
- reduced by any lease payments made.
  Cash payments for the principal portion of lease liabilities along with cash payments for the interest portion of those liabilities are included within net cash used in financing activities in the consolidated statement of cash flows.

The carrying amount of lease liabilities is remeasured against right-of-use assets to reflect any lease modifications and in the event of:
- changes in the lease term;
- changes in the assessment of whether or not a purchase option is reasonably certain to be exercised;
- changes in amounts expected to be payable under a residual value guarantee granted to the lessor;
- changes in variable lease payments that depend on an index or rate when the index or rate adjustment takes effect (i.e., when the lease payments are effectively modified).

In the first two cases, lease liabilities are remeasured using a discount rate as revised at the remeasurement date. In the last two cases, the discount rate used to measure the lease liabilities on initial recognition remains unchanged.

Right-of-use assets are measured using the amortised cost model as from the lease commencement date and over the estimated term of the lease. This gives rise to the recognition of a straight-line depreciation expense in the income statement. Right-of-use assets are reduced by any impairment losses recognised in accordance with IAS 36 (Note 10.5) and are readjusted in line with the remeasurement of lease liabilities.

In the event a lease is terminated early, any gains or losses arising as a result of derecognising the lease liabilities and right-of-use assets are taken to the income statement within other operating income or other operating expenses.

Estimating the lease term

The lease term corresponds to the enforceable period of the lease (i.e., the period during which the lease cannot be cancelled by the lessor, plus all possible contractual extensions permitted that are able to be decided unilaterally by the lessee), and takes account of any periods covered by an option to terminate or extend the lease if the Group is reasonably certain respectively to not exercise or exercise that option.

In estimating the reasonably certain term of a lease, the Group considers all of the characteristics associated with the leased assets (local laws and regulations, location, category – e.g., stores, warehouses, offices, apartments, property/equipment leases, expected useful life, etc.). Under leases of store properties, the Group may also consider economic criteria such as the store format, the long-term nature and performance of the leased assets, and whether or not significant recent investments have been made in the stores.
Generally, the term of warehouses and office leases along with equipment leases corresponds to the initial term provided for in the lease contract.

More specifically, for "3-6-9"-type commercial leases in France, the Group recognises a term of nine years as the maximum enforceable period of the lease at the lease commencement date, in accordance with the ANC's 16 February 2018 position statement.

Certain leases may be automatically renewable. The Group is unable to reliably estimate the term of such leases beyond its strict contractual obligation, generally limited to several months.

Discount rate

The discount rate generally used to calculate the lease liability for each lease contract depends on the Group's incremental borrowing rate at the lease commencement date. This rate is the rate of interest that a lessee would have to pay at the lease commencement date, to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The Group calculates a discount rate for each country, taking into account the entity's credit spread and the lease terms.

Lease premiums

Any lease premiums relating to lease contracts are included within "Right-of-use assets". Depending on the legal particulars inherent to each lease premium, they are either amortised over the underlying lease term or (most commonly) are not amortised, but are tested annually for impairment.

Short-term leases and leases of low-value assets

The Group has chosen to apply the recognition exemptions in IFRS 16 concerning:
- short-term leases (i.e., with a term of 12 months or less at inception); and
- leases for which the underlying asset is of low value (value of underlying leased asset less than €5,000).

Within the Group, these exemptions apply mainly to leases of store equipment and office equipment such as tablets, computers, mobile telephones and photocopiers.
Payments under these leases are included in operating expenses in the consolidated income statement, in the same way as variable lease payments which are not included in the initial measurement of lease liabilities. Cash flows relating to lease payments made are included within net cash from operating activities in the consolidated statement of cash flows.

Sale-and-leaseback transactions

A sale-and-leaseback transaction is a transaction in which the owner of assets sells those assets to third parties and then leases them back. If the sale of the assets by the seller-lessee meets the definition of a sale under IFRS 15:
- the seller-lessee measures the right-of-use asset under the lease as a proportion of the net carrying amount of the asset transferred, which corresponds to the right of use retained by that seller-lessee. Accordingly, the seller-lessee only recognises the net disposal gain or loss that relates to the rights transferred to the buyer-lessor;
- the buyer-lessor accounts for the purchase of the asset applying applicable standards and for the lease applying IFRS 16.

If the sale of the asset by the seller-lessee does not meet the definition of a sale under IFRS 15, the sale-and-leaseback is accounted for as a financing transaction. Accordingly:
- the seller-lessee recognises the transferred asset in its statement of financial position and recognises a financial liability equal to the consideration received from the buyer-lessor;
- the buyer-lessor does not recognise the transferred asset in its statement of financial position but recognises a financial asset equal to the considered transferred.

Deferred taxes

In the event a lease gives rise to a temporary difference, deferred tax is recognised (Note 9).

Group as lessor

When the Group acts as lessor, it classifies each of its leases as either a finance lease or an operating lease.

- Finance leases are treated as a sale of non-current assets to the lessee financed by a loan granted by the lessor. To recognise a finance lease, the Group:
  - derecognises the leased asset from its statement of financial position;
  - recognises a financial receivable in “Financial assets at amortised cost” within “Other current assets” and "Other non-current assets” in its consolidated statement of financial position at an amount equal to the present value, discounted at the contractual interest rate or incremental borrowing rate, of the lease payments receivable under the lease, plus any unguaranteed residual value accruing to the Group;
  - splits the lease income into (i) interest income recognised in the consolidated income statement within “Other financial income”, and (ii) amortisation of the principal, which reduces the amount of the receivable.
- For operating leases, the lessor includes the leased assets within “Property, plant and equipment” in its statement of financial position and recognises lease payments received under “Other revenue” in the consolidated income statement on a straight-line basis over the lease term.

7.1 Group as lessee

Details of these leases are provided below.

7.1.1 Statement of financial position information

COMPOSITION OF AND CHANGE IN RIGHT-OF-USE ASSETS

(€ millions)	Land and land improvements	Buildings, fixtures and fittings	Other property, plant and equipment	Other intangible assets	Total
Carrying amount at 1 January 2018 (restated)	**46**	**4,309**	**112**	**24**	**4,491**
New assets	-	863	38	39	940
Remeasurements	1	263	-	-	264
Derecognised assets	-	(40)	-	-	(40)
Depreciation and amortisation for the year	(6)	(653)	(29)	(2)	(691)
Impairment (losses)/reversals, net	(1)	(33)	-	-	(35)
Changes in scope of consolidation	-	3	-	-	3
Effect of movements in exchange rates	-	(145)	(1)	(8)	(154)
IFRS 5 reclassifications	(5)	(281)	(7)	-	(292)
Other reclassifications and movements(i)	-	(41)	-	146	105
Carrying amount at 31 December 2018 (restated)	**34**	**4,244**	**114**	**200**	**4,592**
New assets	**-**	**765**	**149**	**-**	**913**
Remeasurements	**2**	**415**	**-**	**1**	**418**
Derecognised assets	**(7)**	**(91)**	**-**	**-**	**(98)**
Depreciation and amortisation for the year	**(6)**	**(690)**	**(48)**	**(5)**	**(749)**
Impairment (losses)/reversals, net	**-**	**(11)**	**(1)**	**-**	**(11)**
Changes in scope of consolidation	**-**	**5**	**-**	**-**	**5**
Effect of movements in exchange rates	**-**	**(24)**	**-**	**(3)**	**(27)**
IFRS 5 reclassifications	**2**	**(163)**	**(7)**	**-**	**(168)**
Other reclassifications and movements	**-**	**(27)**	**-**	**(10)**	**(37)**
Carrying amount at 31 December 2019	**25**	**4,423**	**207**	**183**	**4,837**

(i) Including BRL 633 million (€147 million) corresponding to the Paes Mendonça receivable reclassified to “Lease premiums” (Note 6.9.1).

Lease liabilities

(€ millions)	Notes	2019	2018 (restated)
Current portion		**740**	677
Non-current portion		**3,937**	3,560
Total	**11.5.4**	**4,676**	**4,238**
of which France Retail		*2,807*	*2,575*
of which Latam Retail		*1,680*	*1,490*
of which E-commerce		*189*	*173*

Note 11.5.4 provides an analysis of lease liabilities by maturity.

7.1.2 Income statement information

The following amounts were recognised in the 2019 income statement in respect of leases excluded of lease liabilities:

(€ millions)	2019	2018 (restated)
Rental expense relating to variable lease payments(i)	**54**	59
Rental expense relating to short-term leases(i)	**9**	7
Rental expense relating to leases of low-value assets that are not short-term leases(i)	**112**	96

(i) Leases not included in lease liabilities recognised in the statement of financial position.

Depreciation charged against right-of-use assets is presented in Note 7.1.1, while interest expense on lease liabilities is shown in Note 11.3.2.

Sub-letting income included within right-of-use assets is set out in Note 7.2.

7.1.3 Statement of cash flow information

Total lease payments made in the year amounted to €1,120 million (2018: €987 million).

7.1.4 Sale-and-leaseback transactions

The main sale-and-leaseback transactions are described in Note 2.

7.2 Group as lessor

Operating leases

The following table provides a maturity analysis of payments receivable under operating leases:

(€ millions)	31 December 2019	31 December 2018
Within one year	**65**	64
In one to two years	**36**	36
In two to three years	**25**	21
In three to four years	**20**	14
In four to five years	**15**	10
In five or more years	**63**	58
Undiscounted value of lease payments receivable	**224**	**203**

The following amounts were recognised in the 2019 income statement:

(€ millions)	2019	2018 (restated)
Operating leases		
Lease income(i)	**109**	102
Sub-letting income included within right-of-use assets	**45**	38

(i) Including €12 million in variable lease payments in 2019 that do not depend on an index or rate (2018: €5 million).

Note 8 Employee benefits expense

8.1 Employee benefits expense

Employee benefits expense is analysed by function in Note 6.3.

8.2 Provisions for pensions and other post-employment benefits

Accounting principle

Provisions for pensions and other post-employment benefits

Group companies provide their employees with various employee benefit plans depending on local laws and practice.

- **Under defined contribution plans,** the Group pays fixed contributions into a fund and has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to these plans are expensed as incurred.

- **Under defined benefit plans**, the Group's obligation is measured using the projected unit credit method based on the agreements effective in each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. The actuarial assumptions used to measure the obligation vary according to the economic conditions prevailing in the relevant country. The obligation is measured by independent actuaries annually for the most significant plans and for the employment termination benefit, and regularly for all other plans. Assumptions include expected rate of future salary increases, estimated average years of service, life expectancy and staff turnover rates (based on resignations only).

  Actuarial gains and losses arise from the effects of changes in actuarial assumptions and experience adjustments (differences between results based on previous actuarial assumptions and what has actually occurred). All actuarial gains and losses arising on defined benefit plans are recognised immediately in other comprehensive income.

  Past service cost, corresponding to the increase in the benefit obligation resulting from the introduction of a new benefit plan or modification of an existing plan, is expensed immediately.

  The expense in the income statement comprises:
  - service cost, i.e., the cost of services provided during the year, recognised in trading profit;
  - past service cost and the effect of plan curtailments or settlements, generally recognised in "Other operating income and expenses";
  - interest cost, corresponding to the discounting adjustment to the projected benefit obligation net of the return on plan assets, recorded in "Other financial income and expenses". Interest cost is calculated by applying the discount rate defined in IAS 19 to the net obligation (i.e., the projected obligation less related plan assets) recognised in respect of defined benefit plans, as determined at the beginning of the year.

  The provision recognised in the statement of financial position is measured as the net present value of the obligation less the fair value of plan assets.

Provisions for other in service long-term employee benefits

- **Other in-service long-term employee benefits**, such as jubilees, are also covered by provisions, determined on the basis of an actuarial estimate of vested rights as of the reporting date. Actuarial gains and losses on these benefit plans are recognised immediately in profit or loss.

8.2.1 Breakdown of provisions for pensions and other post-employment benefits and for long-term employee benefits

(€ millions)	31 December 2019			31 December 2018		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Pensions	**310**	**10**	**319**	318	10	328
Jubilees	**35**	**1**	**36**	38	1	38
Bonuses for services rendered	**11**	**-**	**12**	11	-	11
Provisions for pensions and other post-employment benefits and for long-term employee benefits	**357**	**11**	**367**	**366**	**11**	**377**

8.2.2 Presentation of pension plans

DEFINED CONTRIBUTION PLAN

Defined contribution plans are plans in which the Company pays regular contributions into a fund. The Company's obligation is limited to the amount it agrees to contribute to the fund and it offers no guarantee that the fund will have sufficient assets to pay all of the employees' entitlements to benefits. This type of plan predominantly concerns employees of the Group's French subsidiaries, who participate in the government-sponsored basic pension scheme.

In 2019, defined contribution plans represented a cost of €291 million of which 90% concerned the Group's French subsidiaries (€284 million excluding discontinued operations and 89% in 2019).

DEFINED BENEFIT PLAN

In certain countries, local laws or conventional agreements provide for the payment of a lump sum to employees either when they retire or at certain times post-retirement, based on their years of service and final salary at the age of retirement.

8.2.3 Main assumptions used in determining total defined benefit obligations (pension plans)

Defined benefit plans are exposed to risks concerning future interest rates, salary increase rates and mortality rates.

The following table presents the main actuarial assumptions used to measure the projected benefit obligation:

	France		International	
	2019	2018	2019	2018
Discount rate	**0.6%**	1.70%	**6.1% - 6.6%**	6.5% - 7.6%
Expected rate of future salary increases	**1.0% - 1.7%**	1.6% - 2.0%	**3.5%**	3.5%
Retirement age	**62 - 65 years**	62 - 65 years	**57 - 62 years**	57 - 62 years

For French companies, the discount rate is determined by reference to the Bloomberg 15-year AA corporate composite index.

SENSITIVITY ANALYSIS

A 50-basis point increase (decrease) in the discount rate would have the effect of reducing the projected benefit obligation by 6.0% (increasing the projected benefit obligation by 5.9%).

A 50-basis point increase (decrease) in the expected rate of salary increases would have the effect of increasing the projected benefit obligation by 5.6% (reducing the projected benefit obligation by 5.8%).

8.2.4 Change in retirement benefit obligations and plan assets

The following tables show a reconciliation of the projected benefit obligations of all Group companies to the provisions recognised in the consolidated financial statements for the years ended 31 December 2019 and 31 December 2018.

(€ millions)		France		International		Total	
		2019	2018	2019	2018	2019	2018
Projected benefit obligation at 1 January		**341**	**326**	**8**	**14**	**349**	**340**
Items recorded in the income statement		**7**	15	**(1)**	**1**	**6**	16
Service cost		**19**	19	**-**	-	**19**	19
Interest cost		**5**	5	**-**	1	**6**	5
Past service cost		**-**	-	**(2)**	-	**(2)**	-
Curtailments/settlements		**(17)**	(9)	**-**	-	**(17)**	(9)
Items included in other comprehensive income		**13**	**14**	**-**	**(1)**	**13**	**13**
(1) Actuarial (gains) and losses related to:		**13**	14	**-**	(1)	**13**	13
(i) changes in financial assumptions		***16***	*(2)*	**-**	-	***17***	*(2)*
(ii) changes in demographic assumptions		***(3)***	*19*	**-**	*(1)*	***(3)***	*19*
(iii) experience adjustments		**-**	*(4)*	**-**	-	**-**	*(4)*
(2) Effect of movements in exchange rates		**-**	-	**-**	-	**-**	-
Other		**(29)**	**(14)**	**(1)**	**(6)**	**(30)**	**(19)**
Paid benefits		**(12)**	(12)	**(1)**	(1)	**(13)**	(13)
Changes in scope of consolidation		**-**	1	**-**	-	**-**	1
Other movements		**(17)**	(2)	**-**	(5)	**(17)**	(7)
Projected benefit obligation at 31 December	**A**	**332**	**341**	**6**	**8**	**338**	**349**
Weighted average duration of plans						**17**	**17**

(€ millions)		France		International		Total	
		2019	2018	2019	2018	2019	2018
Fair value of plan assets at 1 January		**21**	**23**	**-**	**-**	**21**	**23**
Items recorded in the income statement		**-**	**-**	**-**	**-**	**-**	**-**
Interest on plan assets		**-**	-	**-**	-	**-**	-
Items included in other comprehensive income		**(2)**	**-**	**-**	**-**	**(2)**	**-**
Actuarial (losses) gains (experience adjustments)		**(2)**	-	**-**	-	**(2)**	-
Effect of movements in exchange rates		**-**	-	**-**	-	**-**	-
Other		**-**	**(2)**	**-**	**-**	**-**	**(2)**
Paid benefits		**-**	(2)	**-**	-	**-**	(2)
Changes in scope of consolidation		**-**	-	**-**	-	**-**	-
Other movements		**-**	-	**-**	-	**-**	-
Fair value of plan assets at 31 December	**B**	**19**	**21**	**-**	**-**	**19**	**21**

(€ millions)		France		International		Total	
		2019	2018	2019	2018	2019	2018
NET POST-EMPLOYMENT BENEFIT OBLIGATION	**A-B**	**313**	**320**	**6**	**8**	**319**	**328**
Unfunded projected benefit obligation under funded plans		**102**	**91**	**-**	**-**	**102**	**91**
Projected benefit obligation under funded plans		**121**	**112**	**-**	**-**	**121**	**112**
Fair value of plan assets		**(19)**	**(21)**	**-**	**-**	**(19)**	**(21)**
Projected benefit obligation under unfunded plans		**211**	**229**	**6**	**8**	**218**	**201**

Plan assets consist mainly of units in fixed-rate bond funds.

RECONCILIATION OF PROVISIONS RECORDED IN THE STATEMENT OF FINANCIAL POSITION

(€ millions)	France		International		Total	
	2019	2018	2019	2018	2019	2018
At 1 January	**320**	**303**	**8**	**14**	**328**	**317**
Expense for the year	**7**	15	**(1)**	1	**6**	16
Actuarial gains or losses recognised in equity	**15**	14	**-**	(1)	**15**	13
Effect of movements in exchange rates	**-**	-	**-**	-	**-**	-
Paid benefits	**(12)**	(10)	**(1)**	(1)	**(13)**	(11)
Partial reimbursement of plan assets	**-**	-	**-**	-	**-**	-
Changes in scope of consolidation	**-**	1	**-**	-	**-**	1
Other movements	**(17)**	(3)	**-**	(5)	**(17)**	(7)
At 31 December	**313**	**320**	**7**	**8**	**319**	**328**

BREAKDOWN OF EXPENSE FOR THE YEAR

(€ millions)	France		International		Total	
	2019	2018 (restated)	2019	2018	2019	2018 (restated)
Service cost	**19**	19	**-**	-	**19**	19
Interest cost(i)	**5**	5	**-**	1	**6**	5
Past service cost	**-**	-	**(2)**	-	**(2)**	-
Curtailments/settlements	**(17)**	(9)	**-**	-	**(17)**	(9)
Expense for the year	**7**	**15**	**(1)**	**1**	**6**	**16**
Expense for the year of discontinued operations	**(1)**	-	**-**	-	**(1)**	-
Expense for the year of continuing operations	**6**	**14**	**(1)**	**1**	**5**	**15**

(i) Reported under "Other financial income and expenses".

UNDISCOUNTED FUTURE CASH FLOWS

(€ millions)	Statement of financial position	Undiscounted cash flows					
		2020	2021	2022	2023	2024	Beyond 2024
Post-employment benefits	**319**	**9**	**6**	**10**	**16**	**20**	**849**

8.3 Share-based payment

Accounting principle

Share-based payments

Management and selected employees of the Group receive stock options (options to purchase or subscribe for shares) and free shares.

The benefit represented by stock options, measured at fair value on the grant date, constitutes additional compensation. The grant-date fair value of the options is recognised in "Employee benefits expense" over the option vesting period or in "Other operating expenses" when the benefit relates to a transaction that is also recognised in "Other operating income and expenses" (Note 6.5). The fair value of options is determined using the Black-Scholes option pricing model, based on the plan attributes, market data (including the market price of the underlying shares, share price volatility and the risk-free interest rate) at the grant date and assumptions concerning the probability of grantees remaining with the Group until the options vest.

The fair value of free shares is also determined on the basis of the plan attributes, market data at the grant date and assumptions concerning the probability of grantees remaining with the Group until the shares vest. If the free shares are not subject to any vesting conditions, the cost of the plan is recognised in full on the grant date. Otherwise it is deferred and recognised over the vesting period as and when the vesting conditions are met. When free shares are granted to employees in connection with a transaction affecting the scope of consolidation, the related cost is recorded in "Other operating income and expenses".

Free shares are granted to certain Company managers and store managers. In certain cases, the shares vest in tranches, subject to the attainment of a performance target for the period concerned. In all cases, the shares are forfeited if the grantee leaves the Group before the end of the vesting period.

8.3.1 Impact of share-based payments on earnings and equity

The total net cost of share-based payment plans recognised in the operating income in 2019 was €23 million (2018: €21 million), including €7 million for Casino, Guichard-Perrachon and €16 million for GPA. The net cost is balanced by a positive impact on equity for €22 million.

8.3.2 Casino, Guichard-Perrachon stock option plans

At 31 December 2019, no Casino, Guichard-Perrachon stock options were outstanding.

8.3.3 Casino, Guichard-Perrachon free share plans

FREE SHARE PLAN FEATURES AND ASSUMPTIONS

Date of plan	Vesting date	Number of free shares authorised	Number of shares to be delivered at 31/12/2019	of which number of performance shares[(i)]	Share price (€)[(ii)]	Fair value of the share (€)[(ii)]
12/12/2019	12/12/2022	28,043	28,043	-	45.15	42.37
12/12/2019	12/12/2021	19,260	19,260	-	45.15	44.23
12/12/2019	31/10/2021	8,939	8,939	-	45.15	43.43
12/12/2019	31/07/2021	27,626	27,339	-	45.15	42.88
07/05/2019	07/05/2020	103,665	103,665	-	35.49	29.92
07/05/2019	31/03/2021	5,252	5,252	-	35.49	28.65
07/05/2019	31/01/2021	15,553	15,553	-	35.49	28.37
07/05/2019	07/05/2024	7,809	7,809	7,809	35.49	14.65
07/05/2019	07/05/2022	184,608	155,661	155,661	35.49	16.44
13/12/2018	14/12/2021	32,218	25,643	-	37.10	27.70
13/12/2018	01/12/2020	13,088	13,088	-	37.10	31.46
13/12/2018	01/08/2020	4,144	4,144	-	37.10	30.81
13/12/2018	01/07/2020	2,630	1,315	-	37.10	30.63
15/05/2018	15/05/2021	1,500	1,500	-	40.75	31.36
15/05/2018	15/05/2023	7,326	6,853	6,853	40.75	17.01
15/05/2018	15/05/2021	177,117	116,978	116,978	40.75	18.35
25/04/2018	01/02/2020	11,955	6,742	-	41.89	35.15
20/04/2017	20/04/2022	5,666	5,666	5,666	51	27.25
20/04/2017	20/04/2020	156,307	84,021	84,021	51	28.49
20/04/2017	31/01/2020	245	245	-	51	43.17
13/05/2016	13/05/2020	7,178	4,085	4,085	53.29	34.45
TOTAL		**820,129**	**641,801**	**381,073**		

(i) Performance conditions mainly concern organic sales growth and the level of trading profit or EBITDA of the company that employs the grantee.
(ii) Weighted average

CHANGES IN FREE SHARES

Free share grants	2019	2018
Unvested shares at 1 January	**487,276**	**542,580**
Free share rights granted	**400,755**	349,565
Free share rights cancelled	**(113,768)**	(124,120)
Shares issued	**(132,462)**	(280,749)
Unvested shares at 31 December	**641,801**	**487,276**

8.3.4 Features of GPA stock option plans

- "B Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price is BRL 0.01 per option.
- "C Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price corresponds to 80% of the average of the last 20 closing prices for GPA shares quoted on Bovespa.

Name of plan	Grant date	Exercise period start date	Expiry date	Number of options granted (thousands)	Option exercise price *(BRL)*	Number of options outstanding at 31/12/2019
C6 Series	31/05/2019	31/05/2022	30/11/2022	331	70.62	**312**
B6 Series	31/05/2019	31/05/2022	30/11/2022	434	0.01	**414**
C5 Series	31/05/2018	31/05/2021	30/11/2021	594	62.61	**441**
B5 Series	31/05/2018	31/05/2021	30/11/2021	594	0.01	**441**
C4 Series	31/05/2017	31/05/2020	30/11/2020	537	56.78	**273**
B4 Series	31/05/2017	31/05/2020	30/11/2020	537	0.01	**272**
					30.25	**2,153**

MAIN ASSUMPTIONS USED TO VALUE STOCK OPTIONS

GPA uses the following assumptions to value its plans ("Series" 4, 5 and 6 respectively):

- dividend yield: 0.57%, 0.41% and 0.67%;
- projected volatility: 35.19%, 36.52% and 32.74%;
- risk-free interest rate: 9.28% / 10.07%, 9.29% and 7.32%.

The average fair value of outstanding stock options at 31 December 2019 was BRL 56.41.

The table below shows changes in the number of outstanding options and weighted average exercise prices in the years presented:

	2019		2018	
	Number of outstanding options *(thousands)*	Weighted average exercise price *(BRL)*	Number of outstanding options *(thousands)*	Weighted average exercise price *(BRL)*
Options outstanding at 1 January	**2,755**	**26.03**	**2,539**	**29.48**
of which exercisable options	**-**	**-**	-	-
Options granted during the period	**765**	**30.55**	1,378	30.91
Options exercised during the period	**(1,080)**	**21.55**	(697)	31.96
Options cancelled during the period	**(126)**	**31.75**	(229)	38.64
Options that expired during the period	**(161)**	**16.74**	(236)	68.62
Options outstanding at 31 December	**2,153**	**30.25**	**2,755**	**26.03**
of which exercisable options	**-**		**-**	**-**

8.4 Gross remuneration and benefits of the members of the Group Executive Committee and the Board of Directors

(€ millions)	**2019**	**2018**
Short-term benefits excluding social security contributions(i)	**21**	32
Social security contributions on short-term benefits	**3**	5
Termination benefits for key executives	**-**	3
Share-based payments(ii)	**4**	7
Total	**28**	**47**

(i) Gross salaries, bonuses, discretionary and statutory profit-sharing, benefits in kind and directors' fees.
(ii) Expense recognised in the income statement in respect of stock option and free share plans.

The members of the Group Executive Committee are not entitled to any specific supplementary pension benefits.

8.5 Average number of Group employees

Average full-time equivalent employees by category	2019	2018 (restated)
Managers	**10,975**	10,816
Staff	**177,359**	177,144
Supervisors	**21,362**	21,377
Group total	**209,696**	**209,337**

Note 9 Income taxes

Accounting principle

Income tax expense corresponds to the sum of the current taxes due by the various Group companies, adjusted for deferred taxes.
Substantially all qualifying French subsidiaries are members of the tax group headed by Casino, Guichard‑ Perrachon and file a consolidated tax return.
Current tax expense reported in the income statement corresponds to the tax expense of the parent company of the tax group and of companies that are not members of a tax group.
Deferred tax assets correspond to future tax benefits arising from deductible temporary differences, tax loss carryforwards, unused tax credits and certain consolidation adjustments that are expected to be recoverable.
Deferred tax liabilities are recognised in full for:

- taxable temporary differences, except where the deferred tax liability results from recognition of a non-deductible impairment loss on goodwill or from initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or the tax loss; and
- taxable temporary differences related to investments in subsidiaries, associates and joint ventures, except when the Group controls the timing of the reversal of the difference and it is probable that it will not reverse in the foreseeable future.

Deferred taxes are recognised using the balance sheet approach and in accordance with IAS 12. They are calculated by the liability method, which consists of adjusting deferred taxes recognised in prior periods for the effect of any enacted changes in the income tax rate.
The Group reviews the probability of deferred tax assets being recovered on a periodic basis for each tax entity. This review may, if necessary, lead to the derecognition of deferred tax assets recognised in prior years. The probability for recovery is assessed based on a tax plan indicating the level of projected taxable profits.
The assumptions underlying the tax plan are consistent with those used in the medium-term business plans and budgets prepared by Group entities and approved by management.

The French corporate value-added tax (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE) which is based on the value-added reflected in the separate financial statements, is included in "Income tax expense" in the consolidated income statement.

When payments to holders of equity instruments are deductible for tax purposes, the tax effect is recognised by the Group in the income statement.

The introduction of IFRIC 23 – *Uncertainty over Income Tax Treatments* did not result in any significant changes to the measurement of uncertain tax positions in the financial statements at 31 December 2018. The impact of applying IFRIC 23 was not material, decreasing equity by €7 million at 1 January 2019. In the first half of 2019, the IFRIC was consulted on the classification of liabilities relating to uncertain tax positions in the consolidated statement of financial position. In September 2019, the IFRIC decided that these should be presented within current tax liabilities and/or deferred taxes. This classification was not previously applied by the Group, which reported provisions for uncertain income tax positions within provisions for risks and expenses. As a result of applying IFRIC 23 using the modified retrospective method (i.e., with no restatement of comparative information), the Group reclassified €9 million at 1 January 2019.

9.1 Income tax expense

9.1.1 Analysis of income tax expense

(€ millions)	2019			2018 (restated)		
	France	International	Total	France	International	Total
Current income tax	**(45)**	**(80)**	**(126)**	(89)	(137)	(227)
Other taxes (CVAE)	**(63)**	**-**	**(63)**	(61)	-	(61)
Deferred taxes	**51**	**1**	**52**	87	13	100
Total income tax (expense)/benefit recorded in the income statement	**(58)**	**(79)**	**(137)**	**(64)**	**(124)**	**(188)**
Income tax on items recognised in "Other comprehensive income" (Note 12.7.2)	**14**	**(2)**	**12**	1	(1)	-
Income tax on items recognised in equity	**1**	**13**	**14**	**(2)**	**-**	**(2)**

9.1.2 Tax proof

(€ millions)	2019		2018 (restated)	
Profit/(loss) before tax	**(176)**		**286**	
Theoretical income tax benefit/(expense)[i]	**61**	**-34.43%**	**(99)**	-34.43%
Reconciliation of theoretical income tax expense to actual income tax expense				
Impact of differences in foreign tax rates	**9**	**-4.9%**	7	2.4%
Recognition of previously unrecognised tax benefits on tax losses and other deductible temporary differences[ii]	**15**	**-8.3%**	76	26.6%
Unrecognised deferred tax assets/valuation allowances on recognised deferred tax assets on tax loss carryforwards or other deductible temporary differences[iii]	**(52)**	**29.6%**	(39)	-13.5%
Change in corporate tax rate[iv]	**(44)**	**25.0%**	(36)	-12.5%
CVAE net of income tax	**(42)**	**23.5%**	(40)	-14.1%
Non-deductible interest expense[v]	**(22)**	**12.4%**	(28)	-9.7%
Non-taxable CICE tax credits[vi]	**-**	**-0.2%**	25	8.7%
Non-deductible asset impairment losses	**(24)**	**13.8%**	(34)	-11.8%
Non-deductible exchange losses[vii]	**-**	**-%**	(22)	-7.8%
Tax effect of Brazilian dividends[viii]	**9**	**-5.1%**	18	6.1%
Other taxes on distributed earnings[ix]	**(15)**	**8.7%**	(10)	-3.5%
Deductible interest on deeply-subordinated perpetual bonds	**10**	**-5.9%**	17	5.9%
Taxation of Mercialys shares	**(3)**	**1.8%**	(6)	-2.2%
Reduced-rate asset disposals and changes in scope of consolidation	**(14)**	**8.0%**	2	0.7%
Other	**(24)**	**13.6%**	(18)	-6.4%
Actual income tax benefit/(expense)/Effective tax rate	**(137)**	**77.8%**	**(188)**	**-65.7%**

(i) The reconciliation of the effective tax rate paid by the Group is based on the current French rate of 34.43%, unchanged from 2018.
(ii) In 2019, this concerned the E-commerce segment for €3 million and the France Retail segment for €11 million. In 2018, this concerned the E-commerce segment for €39 million and the France Retail segment for €32 million.
(iii) In 2019, this concerned the E-commerce segment for €29 million and the France Retail segment for €20 million. In 2018, this concerned the E-commerce segment for €29 million and the France Retail segment for €10 million.
(iv) In 2019, the main impact relates to disposals of store properties and stores in the France Retail segment. In 2018, the main impact related to disposals of Monoprix store properties.
(v) Tax laws in some countries cap the deductibility of interest paid by companies. Up to 31 December 2018, French companies were required to add back 25% of interest expense to their taxable profit. This capping mechanism was reformed and a new mechanism put in place as of 1 January 2019. The impact on the two periods presented essentially concerns the France scope.
(vi) See Note 6.3.
(vii) In 2018, this item corresponded to the non-deductible negative foreign currency translation reserve reclassified to profit or loss (Note 6.5).
(viii) This concerns dividends paid by Brazilian subsidiaries in the form of interest on equity.
(ix) Corresponding to taxation of intra-group dividends.

9.2 Deferred taxes

9.2.1 Change in deferred tax assets

(€ millions)	2019	2018 (restated)
At 1 January	**667**	**619**
(Expense)/benefit for the year	**46**	67
Impact of changes in scope of consolidation	**(1)**	5
IFRS 5 reclassifications	**(21)**	(4)
Effect of movements in exchange rates and other reclassifications	**54**	(21)
Changes in deferred tax liabilities recognised directly in equity	**26**	1
At 31 December	**772**	**667**

The deferred tax benefit, net of deferred tax liabilities (Note 9.2.2) of discontinued operations, was €46 million in 2019 (2018: deferred tax expense of €7 million).

9.2.2 Change in deferred tax liabilities

(€ millions)	2019	2018 (restated)
At 1 January	**667**	**740**
Expense/(benefit) for the year	**(51)**	(26)
Impact of changes in scope of consolidation	**(44)**	4
IFRS 5 reclassifications	**1**	(10)
Effect of movements in exchange rates and other reclassifications	**(6)**	(45)
Changes in deferred tax liabilities recognised directly in equity	**-**	3
At 31 December	**566**	**667**

9.2.3 Deferred tax assets and liabilities by source

(€ millions)	Notes	Net	
		31 December 2019	31 December 2018 (restated)
Intangible assets		**(599)**	(662)
Property, plant and equipment		**(132)**	(155)
Right-of-use assets net of lease liabilities		**130**	63
Inventories		**31**	(6)
Financial instruments		**71**	34
Other assets		**(78)**	(75)
Provisions		**200**	210
Regulated provisions		**(89)**	(128)
Other liabilities		**14**	77
Tax loss carryforwards and tax credits		**657**	643
Net deferred tax asset (liability)		**206**	-
Deferred tax assets recognised in the statement of financial position	9.2.1	**772**	667
Deferred tax liabilities recognised in the statement of financial position	9.2.2	**566**	667
Net		**206**	-

The tax saving realised by the Casino, Guichard-Perrachon tax group amounted to €346 million in 2019 (2018: €399 million).

Recognised tax loss carryforwards and tax credits mainly concern the Casino Guichard-Perrachon, Éxito and GPA tax groups. The corresponding deferred tax assets have been recognised in the statement of financial position as their utilisation is considered probable in view of the forecast future taxable profits of the companies concerned. At 31 December 2019, deferred tax assets amounted to €347 million for Casino, Guichard-Perrachon, €117 million for Éxito and €62 million for GPA. These amounts are expected to be recovered by 2026 for Casino, Guichard-Perrachon, 2024 for Éxito and 2024 for GPA.

9.2.4 Unrecognised deferred tax assets

At 31 December 2019, unrecognised deferred tax assets for tax loss carryforwards amounted to around €551 million (excluding Leader Price), representing an unrecognised deferred tax effect of €147 million (31 December 2018: €400 million, representing an unrecognised deferred tax effect of €106 million). These tax loss carryforwards mainly concern the Franprix sub-group and Cdiscount.

Expiry dates of unrecognised tax loss carryforwards

(€ millions)	2019	2018
Within one year	**1**	-
In one to two years	**2**	-
In two to three years	**1**	2
In more than three years	**1**	6
Without expiry date	**142**	98
Total	**147**	**106**

Note 10 Intangible assets, property, plant and equipment, and investment property

Accounting principle

The cost of non-current assets corresponds to their purchase cost plus transaction expenses including tax. For intangible assets, property, plant and equipment, and investment property, these expenses are added to the assets' carrying amount and follow the same accounting treatment.

10.1 Goodwill

Accounting principle

At the acquisition date, goodwill is measured in accordance with the accounting principle applicable to "Business combinations", described in Note 3. It is allocated to the cash generating unit (CGU) or groups of cash generating units that benefit from the synergies of the combination, based on the level at which the return on investment is monitored for internal management purposes. Goodwill is not amortised. It is tested for impairment at each year-end, or whenever events or a change of circumstances indicate that it may be impaired. Impairment losses on goodwill are not reversible. The methods used by the Group to test goodwill for impairment are described in the "Impairment of non-current assets" section in Note 10.5. Negative goodwill is recognised directly in the income statement for the period of the business combination, once the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities have been verified.

10.1.1 Breakdown by business line and geographical area

(€ millions)	31 December 2019 Net	31 December 2018 Net
France Retail	**4,359**	**5,487**
Hypermarkets, supermarkets and convenience stores	*1,405*	*1,432*
Franprix-Leader Price(i)	*1,599*	*2,693*
Monoprix	*1,333*	*1,323*
Other	*22*	*38*
E-commerce (France)	**61**	**61**
Latam Retail	**3,068**	**3,134**
Argentina	*64*	*66*
Brazil (GPA Food)	*2,236*	*2,272*
Colombia	*505*	*501*
Uruguay	*263*	*296*
Casino Group	**7,489**	**8,682**

(i) Including €1,106 million in Leader Price goodwill separated in 2019 when classification in assets held for sell in accordance with IFRS 5.

10.1.2 Movements for the year

(€ millions)	2019	2018 (restated)
Carrying amount at 1 January	**8,682**	**9,092**
Goodwill recognised during the year[(i)]	**18**	113
Impairment losses recognised during the year	**(18)**	(1)
Goodwill written off on disposals	**(4)**	(4)
Effect of movements in exchange rates	**(88)**	(316)
Reclassifications and other movements[(ii)]	**(1,103)**	(203)
Carrying amount at 31 December	**7,489**	**8,682**

(i) The €113 million increase in goodwill at 31 December 2018 mainly reflected (a) goodwill of €76 million recognised on the acquisition of various sub-groups and individual businesses by Franprix-Leader Price (Note 3.2.2) and (b) goodwill of €16 million recognised on the acquisition of Sarenza (Note 3.2.1).

(ii) In 2019, this line reflects the reclassification of Leader Price within assets held for sale in an amount of €1,106 million. In 2018, this line reflected (i) the reclassification of assets from the France Retail segment within assets held for sale; and (ii) the remeasurement of goodwill in Argentina for €61 million, in application of IAS 29.

10.2 Other intangible assets

Accounting principle

Intangible assets acquired separately by the Group are initially recognised at cost and those acquired in business combinations are initially recognised at fair value. Intangible assets consist mainly of purchased software, software developed for internal use, trademarks, patents and costs to obtain contracts. Trademarks that are created and developed internally are not recognised in the statement of financial position. Intangible assets are amortised on a straight-line basis over their estimated useful lives, as determined separately for each asset category. Capitalised development costs are amortised over three years and software over three to ten years. Indefinite life intangible assets (including purchased trademarks) are not amortised, but are tested for impairment at each year-end or whenever there is an indication that their carrying amount may not be recovered.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and depreciation methods are reviewed at each year-end and revised prospectively if necessary.

10.2.1 Breakdown

(€ millions)	31 December 2019			31 December 2018 (restated)		
	Gross amount	Accumulated amortisation and impairment	Net	Gross amount	Accumulated amortisation and impairment	Net
Concessions, trademarks, licences and banners	**1,536**	**(26)**	**1,511**	1,552	(26)	1,526
Software	**1,295**	**(855)**	**441**	1,142	(764)	378
Other	**505**	**(161)**	**345**	525	(165)	360
Intangible assets	**3,337**	**(1,041)**	**2,296**	**3,219**	**(954)**	**2,265**

10.2.2 Movements for the year

(€ millions)	Concessions, trademarks, licences and banners	Software	Other intangible assets	Total
Carrying amount at 1 January 2018 (restated)	**1,618**	**358**	**289**	**2,266**
Changes in scope of consolidation	16	-	(4)	12
Additions and acquisitions	1	66	205	271
Assets disposed of during the year	-	-	(3)	(3)
Amortisation for the year	(1)	(106)	(53)	(160)
Impairment (losses)/reversals, net	(6)	(6)	(2)	(14)
Effect of movements in exchange rates	(98)	(16)	-	(114)
IFRS 5 reclassifications	(5)	-	(1)	(6)
Other reclassifications and movements	1	82	(70)	13
Carrying amount at 31 December 2018 (restated)	**1,526**(i)	**378**	**360**(ii)	**2,265**
Changes in scope of consolidation	**-**	**-**	**(5)**	**(5)**
Additions and acquisitions	**2**	**66**	**201**	**269**
Assets disposed of during the year	**1**	**(4)**	**(4)**	**(7)**
Amortisation for the year	**-**	**(113)**	**(64)**	**(177)**
Impairment (losses)/reversals, net	**(3)**	**(2)**	**(4)**	**(8)**
Effect of movements in exchange rates	**(14)**	**(3)**	**-**	**(17)**
IFRS 5 reclassifications	**-**	**-**	**(30)**	**(30)**
Other reclassifications and movements	**(2)**	**118**	**(110)**	**7**
Carrying amount at 31 December 2019	**1,511**(i)	**441**	**345**(ii)	**2,296**

(i) Including trademarks for €1,509 million (31 December 2018: €1,525 million).
(ii) Including costs to obtain contracts for €113 million (31 December 2018: €152 million) (Note 6.1.2).

Internally-generated intangible assets (mainly information systems developments) represented €92 million at 31 December 2019 (31 December 2018: €65 million).

Intangible assets at 31 December 2019 include trademarks with an indefinite life, carried in the statement of financial position for €1,509 million, allocated to the following groups of CGUs:

(€ millions)	31 December 2019	31 December 2018
Latam Retail	**926**	**939**
of which Brazil (GPA Food)(i)	***742***	*753*
of which Colombia	***159***	*157*
of which Uruguay	***25***	*28*
France Retail	**573**	**577**
of which Casino France	***1***	*1*
of which Monoprix(i)	***572***	*576*
E-commerce	**9**	**9**

(i) Trademarks are allocated to the following GPA Food banners in Brazil and Monoprix banners in France:

(€ millions)	31 December 2019	31 December 2018
GPA Food	**742**	**753**
Pão de Açúcar	231	235
Extra	397	404
Assaí	113	115
Other	1	-
Monoprix	**572**	**576**
Monoprix	552	552
Other	20	24

Intangible assets were tested for impairment at 31 December 2019 using the method described in Note 10.5 "Impairment of non-current assets". The test results are presented in the same note.

10.3 Property, plant and equipment

Accounting principle

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.
Subsequent expenditures are recognised in assets if they satisfy the recognition criteria of IAS 16. The Group examines these criteria before incurring the expenditure.

Land is not depreciated. All other items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives for each category of assets, with generally no residual value. The main useful lives are as follows:

Asset category	Depreciation period (years)
Land	-
Buildings (structure)	50
Roof waterproofing	15
Fire protection of the building structure	25
Land improvements	10 to 40
Building fixtures and fittings	5 to 20
Technical installations, machinery and equipment	5 to 20
Computer equipment	3 to 5

"Roof waterproofing" and "Fire protection of the building structure" are classified as separate items of property, plant and equipment only when they are installed during major renovation projects. In all other cases, they are included in the "Building (structure)" category.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and depreciation methods are reviewed at each year-end and revised prospectively if necessary.

10.3.1 Breakdown

(€ millions)	31 December 2019			31 December 2018 (restated)		
	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
Land and land improvements	**959**	**(74)**	**886**	1,225	(78)	1,146
Buildings, fixtures and fittings	**3,262**	**(1,229)**	**2,033**	3,729	(1,458)	2,271
Other	**6,287**	**(4,093)**	**2,194**	6,761	(4,336)	2,425
Property, plant and equipment	**10,508**	**(5,395)**	**5,113**	**11,714**	**(5,871)**	**5,843**

10.3.2 Movements for the year

(€ millions)	Land and land improvements	Buildings, fixtures and fittings	Other	Total
Carrying amount at 1 January 2018 (restated)	**1,868**	**2,816**	**2,641**	**7,325**
Changes in scope of consolidation	18	25	34	77
Additions and acquisitions	18	175	686	879
Assets disposed of during the year	(65)	(108)	(153)	(326)
Depreciation for the year	(4)	(138)	(376)	(518)
Impairment (losses)/reversals, net	(14)	21	(66)	(59)
Effect of movements in exchange rates	(56)	(169)	(88)	(313)
IFRS 5 reclassifications	(598)	(399)	(158)	(1,155)
Other reclassifications and movements	(21)	48	(95)	(68)
Carrying amount at 31 December 2018 (restated)	**1,146**	**2,271**	**2,425**	**5,843**
Changes in scope of consolidation	**-**	**(2)**	**3**	**1**
Additions and acquisitions	**20**	**217**	**631**	**868**
Assets disposed of during the year	**(21)**	**(110)**	**(57)**	**(188)**
Depreciation for the year	**(3)**	**(124)**	**(348)**	**(476)**
Impairment (losses)/reversals, net	**(7)**	**(9)**	**(54)**	**(70)**
Effect of movements in exchange rates	**(23)**	**(42)**	**(15)**	**(80)**
IFRS 5 reclassifications	**(227)**	**(269)**	**(257)**	**(754)**
Other reclassifications and movements	**1**	**101**	**(133)**	**(31)**
Carrying amount at 31 December 2019	**886**	**2,033**	**2,194**	**5,113**

Property, plant and equipment were tested for impairment at 31 December 2019 using the method described in Note 10.5 "Impairment of non-current assets". The test results are presented in the same note.

10.3.3 Capitalised borrowing costs

Accounting principle

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (typically more than six months) are capitalised in the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds.

Interest capitalised in 2019 amounted to €5 million, reflecting an average interest rate of 6.1% (2018: €11 million at an average rate of 6.1%).

10.4 Investment property

Accounting principle

Investment property is property held by the Group or leased by the Group (in which case it gives rise to a right-of-use asset) to earn rental revenue or for capital appreciation or both. The shopping malls owned by the Group are classified as investment property.

Subsequent to initial recognition, they are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Investment property is depreciated over the same useful life and according to the same rules as owner-occupied property.

10.4.1 Breakdown

(€ millions)	31 December 2019			31 December 2018		
	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
Investment property	**609**	**(115)**	**493**	**603**	**(106)**	**497**

10.4.2 Movements for the year

(€ millions)	2019	2018
Carrying amount at 1 January	**497**	**494**
Changes in scope of consolidation	**4**	1
Additions and acquisitions	**14**	59
Assets disposed of during the year	**-**	(1)
Depreciation for the year	**(14)**	(8)
Impairment (losses)/reversals, net	**(4)**	(1)
Effect of movements in exchange rates	**(15)**	(29)
IFRS 5 reclassifications	**(7)**	(18)
Other reclassifications and movements(i)	**19**	-
Carrying amount at 31 December	**493**	**497**

(i) Including €19 million relating to the remeasurement at Libertad in application of IAS 29 – *Financial Reporting in Hyperinflationary Economies*.

At 31 December 2019, investment property totalled €493 million, of which 72% (€356 million) concerned Éxito. Investment property at 31 December 2018 amounted to €497 million, of which 69% concerned Éxito.

Amounts recognised in the income statement in respect of rental revenue and operating expenses on investment properties were as follows:

(€ millions)	2019	2018
Rental revenue from investment properties	**86**	74
Directly attributable operating expenses on investment properties		
- that generated rental revenue during the year	**(19)**	(18)
- that did not generate rental revenue during the year	**(33)**	(28)

FAIR VALUE OF INVESTMENT PROPERTY

The main investment properties at 31 December 2019 were held by Éxito.
At 31 December 2019, the fair value of investment property was €816 million (31 December 2018: €847 million) For most investment properties, fair value is determined on the basis of valuations carried out by independent valuers. In accordance with international valuation standards, they are based on market value as confirmed by market indicators, representing a level 3 fair value input.
The fair value of investment property classified as "Assets held for sale" was €16 million at 31 December 2019 and primarily concerned the France Retail segment (31 December 2018: €24 million).

10.5 Impairment of non-current assets (intangible assets, property, plant and equipment, investment property and goodwill)

Accounting principle

The procedure to be followed to ensure that the carrying amount of assets does not exceed their recoverable amount (recovered by use or sale) is defined in IAS 36.
Intangible assets and property, plant and equipment are tested for impairment whenever there is an indication that their carrying amount may not be recoverable and at least annually, at the end of the year, for goodwill and intangible assets with an indefinite useful life.

Cash Generating Units (CGUs)
A cash generating unit is the smallest identifiable group of assets that includes the asset and that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
The Group has defined its cash generating units as follows:
- for hypermarkets, supermarkets and discount stores, each store is treated as a separate CGU;
- for other networks, each network represents a separate CGU.

Impairment indicators
Apart from the external sources of data monitored by the Group (economic environment, market value of the assets, etc.), the impairment indicators used are based on the nature of the assets:
- land and buildings: loss of rent or early termination of a lease;
- operating assets related to the business (assets of the CGU): ratio of net carrying amount of store assets divided by sales (including VAT) higher than a defined level determined separately for each store category;
- assets allocated to administrative activities (headquarters and warehouses): site closure or obsolescence of equipment used at the site.

Recoverable amount
The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. It is generally determined separately for each asset. When this is not possible, the recoverable amount of the group of CGUs to which the asset belongs is used.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In the retail industry, fair value less costs to sell is generally determined on the basis of a sales or EBITDA multiple.

Value in use is the present value of the future cash flows expected to be derived from continuing use of an asset plus a terminal value. It is determined internally or by external experts on the basis of:
- cash flow projections contained usually in business plans covering three years. Cash flows beyond this projection period are usually estimated over a period of three years by applying a growth rate as determined by management (generally constant);
- a terminal value determined by applying a perpetual growth rate to the final year's cash flow projection.

The cash flows and terminal value are discounted at long-term after-tax market rates reflecting market estimates of the time value of money and the specific risks associated with the asset.

Impairment losses
An impairment loss is recognised when the carrying amount of an asset or the CGU to which it belongs is greater than its recoverable amount. Impairment losses are recorded as an expense under "Other operating income and expenses".

Impairment losses recognised in a prior period are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment losses on goodwill cannot be reversed.

10.5.1 Movements for the year

Net impairment losses recognised in 2019 on goodwill, intangible assets, property, plant and equipment, investment property and right-of-use assets totalled €111 million (Note 6.5), of which €52 million arose from restructuring operations (mainly in the France Retail segment for €31 million and in the Latam Retail segment for €21 million) and €59 million corresponded to write-downs of individual assets (mainly in the France Retail segment for €55 million, the E-commerce segment for €3 million and the Latam Retail segment for €1 million).

Following the tests carried out in 2018, impairment losses totalling €68 million had been recognised on goodwill, intangible assets and property, plant and equipment, of which €24 million arose from restructuring operations mainly in the France Retail segment and €43 million corresponded to write-downs of individual assets (primarily in the France Retail segment for €41 million and in the E-commerce segment for €4 million).

10.5.2 Goodwill impairment losses

Annual impairment testing consists of determining the recoverable amounts of the CGUs or groups of CGUs to which the goodwill is allocated and comparing them with the carrying amounts of the relevant assets. Goodwill arising on the initial acquisition of networks is allocated to the groups of CGUs in accordance with the classifications presented in Note 10.1.1. Some goodwill may also occasionally be allocated directly to CGUs.

Annual impairment testing consists of determining the recoverable amount of each CGU based on value in use, in accordance with the principles described in Note 10.1. Value in use is determined by the discounted cash flows method, based on after-tax cash flows and using the following rates.

Assumptions used in 2019 for internal calculations of values in use

Region	2019 perpetual growth rate(i)	2019 after-tax discount rate(ii)	2018 perpetual growth rate(i)	2018 after-tax discount rate(ii)
France (retail)	**1.7%**	**5.6%**	**1.9%**	**5.6%**
France (other)	**1.7% and 2.2%**	**5.6% and 7.9%**	**1.9% and 2.4%**	**5.6% and 7.7%**
Argentina	**5.0%**	**21.1%**	**4.9%**	**14.4%**
Brazil(iii)	**4.8%**	**8.4%**	**5.5%**	**10.1%**
Colombia(iii)	**3%**	**8.0%**	**3.0%**	**9.0%**
Uruguay	**7%**	**11.9%**	**6.1%**	**11.2%**

(i) The inflation-adjusted perpetual growth rate ranges from 0% to 1.5% depending on the nature of the CGU's business/banner and country.
(ii) The discount rate corresponds to the weighted average cost of capital (WACC) for each country. WACC is calculated at least once a year during the annual impairment testing exercise by taking account of the sector's levered beta, a market risk premium and the Group's cost of debt for France and the local cost of debt for subsidiaries outside France.
(iii) At 31 December 2019, the market capitalisation of the listed subsidiaries GPA, Éxito and Cnova was €5,202 million, €1,683 million and €856 million, respectively. With the exception of Cnova, these market capitalisations were less than the carrying amount of the subsidiaries' net assets. Impairment tests on GPA and Éxito goodwill were performed based on their value in use (see below).

At 31 December 2019 the Group recognised a €17 million impairment loss against the catering business in France as a result of the year-end goodwill impairment test.

In view of the positive difference between value in use and carrying amount, the Group believes that on the basis of reasonably foreseeable events, any changes in the key assumptions set out above would not lead to the recognition of an impairment loss. The Group considers reasonably foreseeable changes in key assumptions to be a 100-basis point increase in the discount rate or a 25-basis point decrease in the perpetual growth rate used to calculate terminal value or a 50-basis point decrease in the EBITDA margin for the cash flow projection used to calculate the terminal value.

10.5.3 Trademark impairment losses

The recoverable amounts of trademarks were estimated at the year-end using the discounted cash flows method. The main trademarks concern GPA. The Extra banner's trademark (representing a carrying amount of €397 million at 31 December 2019) is less exposed to a risk of impairment than at the end of 2018. No impairment losses were recognised at 31 December 2019 as a result of these tests and none would have been recognised in the event of a reasonable change in the main assumptions used in those tests.

Note 11 Financial structure and finance costs

Accounting principle

Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs in the case of instruments not measured at fair value through profit or loss. Directly attributable transaction costs of financial assets measured at fair value through profit or loss are recorded in the income statement.

Financial assets are classified in the following three categories:
- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVOCI);
- financial assets at fair value through profit or loss.

The classification depends on the business model within which the financial asset is held and the characteristics of the instrument's contractual cash flows.

Financial assets are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

Financial assets at amortised cost

Financial assets are measured at amortised cost when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion).
They are subsequently measured at amortised cost, determined using the effective interest method, less any expected impairment losses in relation to the credit risk. Interest income, exchange gains and losses, impairment losses and gains and losses arising on derecognition are all recorded in the income statement.
This category primarily includes trade receivables (except for GPA credit card receivables), cash and cash equivalents as well as other loans and receivables.
Long-term loans and receivables that are not interest-bearing or that bear interest at a below-market rate are discounted when the amounts involved are material.

Financial assets at fair value through other comprehensive income (OCI)

This category comprises debt instruments and equity instruments.
- Debt instruments are measured at fair value through OCI when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion). Interest income, exchange gains and losses and impairment losses are recorded in the income statement. Other net gains and losses are recorded in OCI. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.
  This category mainly consists of GPA credit card receivables.
- Equity instruments that are not held for trading may also be measured at fair value through OCI. This method may be chosen separately for each investment. The choice is irrevocable. Dividends received are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recorded in OCI and are never reclassified to profit or loss. At present, the Group's use of this option is non-material.

Financial assets at fair value through profit or loss

All financial assets that are not classified as financial assets at amortised cost or at fair value through OCI are measured at fair value through profit or loss. Gain and losses on these assets, including interest or dividend income, are recorded in the income statement.
This category mainly comprises derivative instruments that do not qualify for hedge accounting and investments in non-consolidated companies, for which the Group decided not to use the fair value through other comprehensive income (OCI) option.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term investments.
To be classified as cash equivalents under IAS 7, investments must be:
- short-term investments;
- highly liquid investments;
- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value.

Usually, the Group uses interest bearing bank accounts or term deposits of less than three months.

IMPAIRMENT OF FINANCIAL ASSETS

IFRS 9 requires the recognition of lifetime expected credit losses on financial assets. This impairment model applies to financial assets at amortised cost (including cash-based instruments), contract assets and debt instruments at fair value through OCI.

The main financial assets concerned are trade receivables relating to Brazilian credit activities, trade receivables from franchisees and affiliated stores and rent receivables.

For trade and rent receivables and contract assets, the Group applies the simplified approach provided for in IFRS 9. This approach consists of estimating lifetime expected credit losses on initial recognition, usually using a provision matrix that specifies provision rates depending on the number of days that a receivable is past due.

For other financial assets, the Group applies the general impairment model.

DERECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised in the following two cases:

- the contractual rights to the cash flows from the financial asset have expired; or,
- the contractual rights have been transferred. In this latter case:
  - if substantially all the risks and rewards of ownership of the financial asset have been transferred, the asset is derecognised in full;
  - if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognised in the statement of financial position for its total amount.

Financial liabilities

Financial liabilities are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

The accounting treatment of put options granted to owners of non-controlling interests ("NCI puts") is described in Note 3.4.1.

FINANCIAL LIABILITIES RECOGNISED AT AMORTISED COST

Borrowings and other financial liabilities at amortised cost are initially measured at the fair value of the consideration received, and subsequently at amortised cost, using the effective interest method. Transaction costs and issue and redemption premiums directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying amount. The costs are then amortised over the life of the liability by the effective interest method.

Within the Group, some loans and other financial liabilities at amortised cost are hedged.

Several subsidiaries have set up reverse factoring programmes with financial institutions to enable their suppliers to collect receivables more quickly in the ordinary course of the purchasing process. The accounting policy for these transactions depends on whether or not the characteristics of the liabilities concerned have been changed. For example, when trade payables are not substantially modified (term and due date, consideration, face value) they continue to be recorded under "Trade payables". Otherwise, they are qualified as financing transactions and included in financial liabilities under "Trade payables – structured programme".

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

These are mainly derivative instruments (see below). There are no financial liabilities intended to be held on a short-term basis for trading purposes. They are measured at fair value and gains and losses arising from remeasurement at fair value are recognised in the income statement. The Group does not hold any financial liabilities for trading other than derivative instruments at fair value through profit or loss.

Derivative instruments

All derivative instruments are recognised in the statement of financial position and measured at fair value.

DERIVATIVE FINANCIAL INSTRUMENTS THAT QUALIFY FOR HEDGE ACCOUNTING: RECOGNITION AND PRESENTATION

In accordance with IFRS 9, the Group applies hedge accounting to:

- fair value hedges of a liability (for example, swaps to convert fixed rate debt to variable rate); the hedged item is recognised at fair value and any change in fair value is recognised in profit or loss. Gains and losses arising from remeasurement of the hedge at fair value are also recognised in profit or loss. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative;

- cash flow hedges (for example, swaps to convert floating rate debt to fixed rate or to change the borrowing currency, and hedges of budgeted purchases billed in a foreign currency). For these hedges, the ineffective portion of the change in the fair value of the derivative is recognised in profit or loss and the effective portion is recognised in "Other comprehensive income" and subsequently reclassified to profit or loss on a symmetrical basis with the hedged cash flows in terms of both timing and classification (i.e., in trading profit for hedges of operating cash flows and in net financial income and expense for other hedges). The premium/discount component of forward foreign exchange contracts is treated as a hedging cost.

- Changes in the fair value of this component are recorded in "Other comprehensive income" and reclassified to profit or loss as part of the cost of the hedged transaction on the transaction date (basis of adjustment method);

- hedges of net investments in foreign operations. For these hedges, the effective portion of the change in fair value attributable to the hedged foreign currency risk is recognised net of tax in other comprehensive income and the ineffective portion is recognised directly in financial income or expense. Gains or losses accumulated in other comprehensive income are reclassified to profit or loss on the date of liquidation or disposal of the net investment.

Hedge accounting may only be used if:
- the hedging instruments and hedged items included in the hedging relationship are all eligible for hedge accounting;
- the hedging relationship is clearly defined and documented at inception; and
- the effectiveness of the hedge can be demonstrated at inception and throughout its life.

DERIVATIVE FINANCIAL INSTRUMENTS THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING: RECOGNITION AND PRESENTATION

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, successive changes in its fair value are recognised directly in profit or loss for the period under “Other financial income and expenses”.

Definition of net debt

Net debt corresponds to gross borrowings and debt including derivatives designed as fair value hedge (liabilities) and trade payables - structured programme, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives designated as fair value hedge (assets), (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to owners of the parent of the selling subsidiary.

11.1 Net cash and cash equivalents

(€ millions)	**31 December 2019**	**31 December 2018**
Cash equivalents	**1,074**	1,184
Cash	**2,497**	2,546
Cash and cash equivalents	**3,572**	**3,730**
Bank overdrafts (Note 11.2.4)	**(101)**	(138)
Net cash and cash equivalents	**3,471**	**3,592**

As of 31 December 2019, cash and cash equivalents are not subject to any material restriction.

Bank guarantees are presented in Note 6.11.1.

11.2 Loans and borrowings

11.2.1 Breakdown

Gross borrowings and debt amounted to €9,649 million at 31 December 2019 (31 December 2018: €8,980 million), breaking down as follows:

(€ millions)	Notes	31 December 2019 Non-current portion	31 December 2019 Current portion	31 December 2019 Total	31 December 2018 (restated) Non-current portion	31 December 2018 (restated) Current portion	31 December 2018 (restated) Total
Bonds[(i)]	11.2.3	**6,661**	**758**	**7,418**	5,470	939	6,409
Other loans and borrowings	11.2.4	**1,430**	**784**	**2,214**	1,311	1,257	2,568
Fair value hedges – liabilities[(ii)]	11.5.1	**10**	**8**	**17**	-	3	3
Gross borrowings and debt		**8,100**	**1,549**	**9,649**	**6,782**	**2,199**	**8,980**
Fair value hedges – assets[(iii)]	11.5.1	**(62)**	**(17)**	**(78)**	(67)	(34)	(101)
Other financial assets	6.8.1/6.9.1	**(54)**	**(288)**	**(342)**	(8)	(78)	(86)
Loans and borrowings[(v)]		**7,984**	**1,244**	**9,229**	**6,707**	**2,086**	**8,794**
of which France Retail		*5,425*	*139*	*5,563*	*4,793*	*1,131*	*5,924*
of which Latam Retail[(iv)]		*2,560*	*806*	*3,366*	*1,914*	*721*	*2,635*
of which E-commerce		*-*	*299*	*299*	*-*	*234*	*234*
Net assets held for sale attributable to owners of the parent of the selling subsidiary	3.5	**-**	**(1,604)**	**(1,604)**	-	(1,686)	(1,686)
Cash and cash equivalents	11.1	**-**	**(3,572)**	**(3,572)**	**-**	(3,730)	(3,730)
of which France Retail				*(1,715)*			*(2,097)*
of which Latam Retail				*(1,778)*			*(1,597)*
of which E-commerce				*(78)*			*(36)*
Cash and cash equivalents and net assets held for sale		**-**	**(5,175)**	**(5,175)**	**-**	**(5,416)**	**(5,416)**
NET DEBT		**7,984**	**(3,931)**	**4,053**	**6,707**	**(3,329)**	**3,378**
of which France Retail				*2,282*			*2,724*
of which Latam Retail				*1,550*			*1,018*
of which Latam Electronics				*-*			*(563)*
of which E-commerce				*221*			*199*

(i) Of which bond issues totalling €4,850 million in France and €2,568 million at GPA at 31 December 2019 (31 December 2018: of which bond issues totalling €5,491 million in France and €919 million at GPA).
(ii) Including €11 million in France and €7 million in Brazil at as 31 December 2019 (31 December 2018: €2 million in Colombia and €1 million in Brazil).
(iii) Including €66 million in France and €13 million in Brazil at 31 December 2019 (31 December 2018: €54 million in France, €20 million in Brazil and €27 million in Colombia).
(iv) Including Segisor amounting to €195 million at 31 December 2019 (31 December 2018: €398 million).
(v) The Group defines "Loans and borrowings" as gross borrowings and debt adjusted for fair value hedges (assets) and other financial assets. This indicator is used to calculate the covenants included in the new revolving credit facility (RCF).

11.2.2 Change in financial liabilities

(€ millions)	2019	2018 (restated)
Gross borrowings and debt at 1 January	*8,980*	*8,677*
Fair value hedges – assets	*(101)*	*(98)*
Other financial assets	*(86)*	*(38)*
Loans and borrowings at beginning of period	**8,794**	**8,541**
New borrowings(i)(iii)(vi)	**4,542**	1,542
Repayments of borrowings(ii)(iii)(vi)	**(3,701)**	(1,331)
Change in fair value of hedged debt	**86**	60
Change in accrued interest	**26**	(34)
Foreign currency translation adjustments	**(63)**	(165)
Changes in scope of consolidation(iv)	**(135)**	303
Reclassification of financial liabilities associated with non-current assets held for sale	**(13)**	54
Change in other financial assets	**(256)**	(48)
Other and reclassifications(v)	**(51)**	(129)
Loans and borrowings at end of period	**9,229**	**8,794**
Gross borrowings and debt at 31 December (Note 11.2.1)	*9,649*	*8,980*
Fair value hedges – assets (Note 11.2.1)	*(78)*	*(101)*
Other financial assets (see Note 11.2.1)	*(342)*	*(86)*

(i) New borrowings in 2019 primarily include the following: (a) a bond issue by Quatrim, a wholly-owned subsidiary of Casino, Guichard-Perrachon, and an issue by Casino, Guichard-Perrachon of a term loan placed with investors ("Term Loan B") for a total amount of €1,800 million in November 2019 (as described in Note 2); and (b) issues by the GPA sub-group of BRL 8,000 million (€1,812 million) in bonds, primarily following efforts to simplify the Group's structure in Latin America (as described in Note 2), BRL 1,600 million (€362 million) in promissory notes, and BRL 2,168 million (€491 million) in loans taken out with banks.
New borrowings in 2018 primarily included the following: (a) a €200 million bond issue by Casino, Guichard-Perrachon (Note 2), (b) at GPA, three bond issues for a total of BRL 2,000 million (€464 million) and new bank loans for BRL 1,168 million (€271 million), (c) a €400 million loan taken out by Segisor and (d) drawdowns on lines of credit by Éxito for COP 500 billion (€143 million).

(ii) Repayments of borrowings in 2019 mainly concern Casino, Guichard-Perrachon, Quatrim and Casino Finance for €1,560 million (of which (a) the €784 million bond tender in November 2019 described in Note 2, and (b) redemption of a €675 million bond issue in August 2019), Éxito for €1,160 million and Segisor for €204 million (including €198 million following efforts to simplify the Group's structure in Latin America (Note 2)), and GPA for €717 million.
Repayments of borrowings in 2018 mainly concerned Casino, Guichard-Perrachon for €516 million (of which (a) the €135 million bond tender, and (b) redemption of a €348 million bond issue), GPA for €583 million and Éxito for €240 million.

(iii) In 2019, cash flows relating to financing activities can be summarised as a net inflow of €488 million, consisting of repayments of borrowings for €3,694 million and net interest paid (excluding on lease liabilities) for €361 million (Note 4.10), offset by new borrowings in an amount of €4,542 million.
In 2018, cash flows relating to financing activities can be summarised as a net disbursement of €203 million, consisting of repayments of borrowings for €1,330 million and net interest paid (excluding on lease liabilities) for €416 million (Note 4.10), offset by new borrowings in an amount of €1,543 million.

(iv) Including €97 million and €50 million in 2019 related to total return swaps (TRS) on Mercialys (Note 3.1.1) and Via Varejo shares respectively (Note 2). The 2019 TRS on Via Varejo was unwound in June 2019.
In 2018, including €198 million and €49 million related to total return swaps (TRS) set up during the year on Mercialys and Via Varejo shares respectively.

(v) In 2019, including a €20 million reduction in bank overdrafts.

(vi) Changes in negotiable European commercial paper ("NEU CP") are presented net in this table.

11.2.3 Breakdown of bonds

(€ millions)	Principal[(i)]	Nominal interest rate[(ii)]	Effective interest rate[(ii)]	Issue date	Maturity date	2019[(iii)]	2018[(iii)]
Casino, Guichard-Perrachon bonds in euros	**3,879**					**4,059**	**5,491**
2019 bonds	-	F: 4.41	4.04%	August 2012 April 2013	August 2019	**-**	681
2020 bonds	257 [(iv)]	F: 5.24	5.28%	March 2012	March 2020	**258**	507
2021 bonds	597[(iv)]	F: 5.98	6.53%	May 2011	May 2021	**611**	884
2022 bonds	452[(iv)]	F: 1.87	2.55%	June 2017 January	June 2022	**447**	732
2023 bonds	720	F: 4.56	4.47%	January 2013 May 2013	January 2023	**762**	766
2024 bonds	900	F: 4.50	4.88%	March 2014	March 2024	**950**	941
2025 bonds	444	F: 3.58	3.62%	December 2014	February 2025	**469**	451
2026 bonds	508	F: 4.05	4.09%	August 2014	August 2026	**562**	530
Quatrim bonds in euros	**800**					**791**	**-**
2024 bonds	800	F: 5.88	6.31%	November 2019	January 2024	**791**	-
GPA bonds in BRL	**2,585**					**2,568**	**919**
2019 bonds	-	V: 97.5% CDI	V: 97.5% CDI	December 2016	December 2019	**-**	227
2020 bonds	239	V: 96.0% CDI	V: 96.0% CDI	April 2017	April 2020	**239**	242
2020 bonds	11	V: CDI +0.72%	V: CDI +0.72%	July 2019	July 2020	**11**	-
2020 bonds	221	V: CDI +1.60%	V: CDI +1.60%	September 2019	August 2020	**221**	-
2021 bonds	177	V: 104.75% CDI	V: 104.75% CDI	January 2018	January 2021	**177**	180
2021 bonds	155	V: 106.0% CDI	V: 106.0% CDI	September 2018	September 2021	**155**	158
2021 bonds	11	V: CDI +0.72%	V: CDI +0.72%	July 2019	July 2021	**11**	-
2021 bonds	443	V: CDI +1.74%	V: CDI +1.74%	September 2019	August 2021	**443**	-
2022 bonds	111	V: 107.4% CDI	V: 107.4% CDI	September 2018	September 2022	**111**	112
2022 bonds	177	V: 105.75% CDI	V: 105.75% CDI	January 2019	January 2022	**177**	-
2022 bonds	11	V: CDI +0.72%	V: CDI +0.72%	July 2019	July 2022	**11**	-
2022 bonds	443	V: CDI +1.95%	V: CDI +1.95%	September 2019	August 2022	**443**	-
2023 bonds	55	V: CDI +0.72%	V: CDI +0.72%	July 2019	July 2023	**55**	-
2023 bonds	443	V: CDI +2.20%	V: CDI +2.20%	September 2019	August 2023	**426**	-
2024 bonds	44	V: CDI +0.72%	V: CDI +0.72%	July 2019	July 2024	**44**	-
2025 bonds	44	V: CDI +0.72%	V: CDI +0.72%	July 2019	July 2025	**44**	-
Total bonds						**7,418**	**6,409**

(i) Corresponds to the principal of the bonds outstanding at 31 December 2019.
(ii) F (Fixed rate) – V (Variable rate) – CDI (*Certificado de Depósito Interbancário*). The effective interest rates on Casino, Guichard-Perrachon bonds do not reflect the possible impact of the remeasurement component relating to fair value hedges.
(iii) The amounts above include the remeasurement component relating to fair value hedges. They are presented excluding accrued interest.
(iv) In November 2019, the Group made a tender offer for the bond tranches maturing in 2020, 2021 and 2022, which were partially redeemed for €239 million, €253 million and €292 million, respectively.

11.2.4 Other loans and borrowings

(€ millions)	Principal[i]	Type of rate	Issue date	Maturity date	2019	2018
France						
Term Loan B	*1,000*	*Variable[ii]*	*November 2019*	*January 2024*	**959**	*-*
Negotiable European commercial paper (Casino Guichard - Perrachon)	*129*	*Fixed*	*[iii]*	*[iii]*	**129**	*221*
Mercialys TRS (Casino, Guichard-Perrachon)	*102*	*Variable*	*July 2018*	*December 2020*	**102**	*198*
Other[iv]					**29**	*100*
International						
GPA	*436*	*Variable[v]/Fixed[vi]*	*June 2013 to December 2019*	*January 2020 to May 2027*	**431**	*223*
Via Varejo TRS (GPA)		*Variable*	*December 2018*	*April 2019*	**-**	*49*
Éxito	*70*	*Variable[v]*	*June 2017 to December 2019*	*March 2020 to June 2022*	**71**	*1,048*
Segisor	*196*	*Variable*	*June 2018*	*December 2021*	**195**	*397*
Other[vi]					**-**	*10*
Bank overdrafts[vii]					**101**	138
Accrued interest[viii]					**197**	183
Total other borrowings					**2,214**	**2,568**
of which variable rate					***1,885***	***1,599***

(i) Corresponds to the nominal amount at 31 December 2019.
(ii) Interest on this loan is based on Euribor with a zero floor, plus a 5.5% spread.
(iii) Negotiable European commercial paper (NEUCP) is short-term financing generally with a maturity of less than 12 months.
(iv) Of which €11 million concerning Cdiscount (31 December 2018: €12 million concerning Cdiscount and €75 million concerning Franprix-Leader Price).
(v) Most of GPA and Éxito's variable-rate loans pay interest at rates based on the CDI and IBR, respectively.
(vi) Of which fixed-rate loans amounting to nil at 31 December 2019 (31 December 2018: €8 million).
(vii) Overdrafts are mostly in France.
(viii) The amount reported for accrued interest is for all borrowings including bonds. At 31 December 2019, accrued interest primarily concerned Casino for €136 million and GPA for €61 million (31 December 2018: Casino, Guichard-Perrachon for €159 million and GPA for €19 million).

CONFIRMED BANK CREDIT LINES IN 2019 AND 2018

2019 (€ millions)	Interest rate	Due: Within one year	Due: In more than one year	Amount of the facility	Drawdowns
Syndicated lines – Casino, Guichard-Perrachon, Casino Finance, Monoprix[i]	Variable[i]	**-**	**2,220**	**2,220**	**-**
Other confirmed bank credit lines[iv]	Variable[iii]	**389**	**111**	**500**	**54**
Total		**389**	**2,331**	**2,720**	**54**

2018 (€ millions)	Interest rate	Due: Within one year	Due: In more than one year	Amount of the facility	Drawdowns
Casino, Guichard-Perrachon syndicated credit[i]	Variable[i]	**-**	**1,855**	**1,855**	**-**
Casino, Guichard-Perrachon bilateral credit lines	Variable[ii]	**175**	**265**	**440**	**-**
Other confirmed bank credit lines[iv]	Variable[iii]	**225**	**911**	**1,136**	**27**
Total		**400**	**3,031**	**3,431**	**27**

(i) At 31 December 2019, syndicated credit lines comprise (a) the revolving credit facility (RCF) for €2,000 million maturing in October 2023 (or in October 2022 if the bond tranche maturing in January 2023 has not been refinanced at that date), bearing interest at Euribor with a zero floor, plus a spread that depends on the amount drawn down and the "loans and borrowings"/EBITDA ratio for the France Retail and E-commerce segments, as well as the Segisor holding company (no more than 3.50%); (b) a €198 million line maturing in February 2021 and bearing interest at Euribor plus a spread that depends on the amount drawn down and the Group's net debt/EBITDA ratio; and (c) a USD 25 million line maturing in July 2022 and bearing interest at US Libor plus a spread that depends on the Group's net debt/EBITDA ratio.
In 2018, syndicated credit lines comprised a €1,200 million line expiring in February 2021 and a USD 750 million line expiring in July 2022. Interest was based on Euribor (drawdowns in euros) or US Libor (drawdowns in US dollars) for the drawdown period plus a spread that depends on the amount borrowed and the Group's net debt/EBITDA ratio.

(ii) Following the November 2019 refinancing transactions, Casino, Guichard-Perrachon no longer held any bilateral credit lines at 31 December 2019. In 2018, interest on the bilateral credit lines was based on the Euribor for the drawdown period plus a spread. In some cases, the spread varied depending on the amount borrowed (lines totalling €240 million) and/or the Group's net debt/EBITDA ratio (lines totalling €250 million). For one line, the spread was partially indexed to the Group's Sustainalytics CSR rating.

(iii) Interest on the other lines is based on the reference rate (which depends on the borrowing currency) plus a spread. In some cases, the spread varies depending on the subsidiary's net debt/EBITDA ratio and the amount drawn down (lines totalling €111 million).

(iv) In 2019, other confirmed bank credit lines concern Monoprix (€111 million), GPA (€199 million) and Éxito (€190 million). In 2018, other confirmed bank credit lines concerned Monoprix (€570 million), GPA (€405 million) and Éxito (€161 million).

11.3 Net financial income/(expense)

Accounting principle

Net finance costs

Net finance costs correspond to all income and expenses generated by cash and cash equivalents and loans and borrowings during the period, including income from cash and cash equivalents, gains and losses on disposals of cash equivalents, interest expense on loans and borrowings, gains and losses on interest rate hedges (including the ineffective portion) and related currency effects, and trade payable – structured programme costs.

Other financial income and expenses

This item corresponds to financial income and expenses that are not included in net finance costs.

It includes dividends received from non-consolidated companies, non-recourse factoring and associated transaction costs, discounting adjustments (including to provisions for pensions and other post-employment benefit obligations), interest expense on lease liabilities, gains and losses arising from remeasurement at fair value of equity derivatives, and impairment losses and realised gains and losses on financial assets other than cash and cash equivalents. Exchange gains and losses are also recorded under this caption, apart from (i) exchange gains and losses on cash and cash equivalents and loans and borrowings, which are presented under net finance costs, and (ii) the effective portion of accounting hedges of operating transactions, which are included in trading profit.

Financial discounts for prompt payments are recognised in financial income for the portion corresponding to the normal market interest rate and as a deduction from cost of goods sold for the supplement.

11.3.1 Net finance costs

(€ millions)	2019	2018 (restated)
Gains (losses) on disposals of cash equivalents	-	-
Income from cash and cash equivalents	39	37
Income from cash and cash equivalents	**39**	**37**
Interest expense on borrowings after hedging[(i)]	(396)	(356)
Finance costs	**(396)**	**(356)**
Net finance costs	**(356)**	**(320)**
of which France Retail	*(161)*	*(141)*
of which Latam Retail	*(184)*	*(169)*
of which E-commerce	*(12)*	*(10)*

(i) In 2019, interest expense on borrowings after hedging include 11 months of cost of debt before the refinancing transactions and one month after the refinancing transactions (Note 2).

11.3.2 Other financial income and expenses

(€ millions)	2019	2018 (restated)
Investment income	**1**	-
Foreign currency exchange gains (other than on borrowings)	**53**	34
Discounting and accretion adjustments	**1**	2
Gains on remeasurement at fair value of non-hedging derivative instruments(i)	**106**	8
Gains on remeasurement at fair value of financial assets	**1**	2
Impact of applying IAS 29 to operations in Argentina	**-**	-
Other financial income(ii)	**104**	76
Other financial income	**265**	**122**
Foreign currency exchange losses (other than on borrowings)	**(63)**	(44)
Discounting and accretion adjustments	**(6)**	(7)
Interest expense on lease liabilities (Note 7.1.2)	**(268)**	(218)
Losses on remeasurement at fair value of non-hedging derivative instruments(i)	**(137)**	(52)
Losses on remeasurement at fair value of financial assets	**(10)**	(3)
Non-recourse factoring and associated transaction costs	**(77)**	(81)
Impact of applying IAS 29 to operations in Argentina	**(10)**	(13)
Other	**(88)**	(60)
Other financial expenses	**(659)**	**(478)**
Total other financial income and expenses	**(394)**	**(356)**

(i) The net loss of €31 million on remeasurement at fair value of non-hedging derivative instruments reported in 2019 mainly reflects (a) fair value adjustments to the GPA TRS (negative adjustment of €6 million) and GPA forward (negative adjustment of €9 million) as well as dividend income (€2 million) and the cost of carry (€13 million) associated with these instruments, and (b) negative impacts related to other derivative instruments (€3 million). The net loss of €44 million on remeasurement at fair value of non-hedging derivative instruments reported in 2018 mainly reflects (a) fair value adjustments to the GPA TRS (positive adjustment of €5 million) and GPA forward (negative adjustment of €17 million) as well as dividend income (€3 million) and the cost of carry (€14 million) associated with these instruments, and (b) negative impacts related to other derivative instruments (€3 million).

(ii) Including €45 million in interest recognised by GPA for PIS & COFINS tax credits in 2019. In 2018: Including BRL 101 million (€23 million) in interest recognised by GPA on the Paes Mendonça receivable.

GPA TRS and forward

The total return swap (TRS) and forward contracts on GPA shares are cash-settled instruments. The documentation states that when the contracts expire, the shares will be sold on the market by the banking counterparties. If the instruments are unwound, the Group receives or pays the difference between the sale proceeds and the amount paid by the counterparties to purchase the shares at the contracts' inception. The Group retains the economic benefits of ownership of the shares (exposure to changes in the subsidiaries' share prices and collection of dividends) but does not have legal title to the shares and cannot exercise the related voting rights. Details of the contracts are as follows:

- In December 2011, the Group entered into a 2.5-year TRS with a financial institution on 7.9 million GPA American Depositary Receipts (ADRs). The contract's maturity was extended on 23 December 2016 and again on 27 October 2017. The interest rate is currently set at 3-month Euribor plus 199 bps and the contract expires in June 2020. It will start to be unwound as from 1 April 2020. This TRS is a derivative instrument measured at fair value through profit or loss. At 31 December 2019, it concerned 7.8 million ADRs (2.9% of GPA's capital) representing a notional amount of €332 million, and had a negative fair value of €177 million (31 December 2018: 7.8 million ADRs, a notional amount of €332 million and a negative fair value of €172 million).
  This instrument's fair value is determined based on the estimated settlement price on 31 December, using the share price on that date. A 10% increase in the share price would have reduced the loss for the period by €15 million. A 10% decline in the share price would have produced the opposite effect.

- At the end of December 2012, the Group entered into a 2-year forward contract with a financial institution on 5.8 million GPA shares. On 28 July 2016, the maturity was extended and the notional amount was reduced by USD 105 million (€95 million), resulting in a cash payment made by the Group on the same day. The maturity was extended again in June 2017. The forward concerned 5.8 million shares at 31 December 2018 and was unwound between August and December 2019. A cash payment of €109 million was made in 2019 (versus a negative fair value of €101 million at 31 December 2018).

11.4 Fair value of financial instruments

Accounting principle

Fair value measurements are classified using the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in an active market is the quoted price on the reporting date. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are classified as Level 1.

The fair value of financial instruments which are not quoted in an active market (such as over-the-counter derivatives) is determined using valuation techniques. These techniques use observable market data wherever possible and make little use of the Group's own estimates. If all the inputs required to calculate fair value are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

11.4.1 Financial assets and liabilities by category of instrument

FINANCIAL ASSETS

The tables below analyse financial assets according to the new measurement categories used as from 1 January 2018 under IFRS 9.

(€ millions)	Total financial assets	Breakdown by category of instrument			
		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income (OCI)	Hedging instruments	Financial assets at amortised cost
At 31 December 2019					
Other non-current assets[(i)]	401	48	4	62	287
Trade receivables	836	-	22	-	813
Other current assets[(i)]	975	6	1	17	950
Cash and cash equivalents	3,572	17	-	-	3,554

(€ millions)	Total financial assets	Breakdown by category of instrument			
		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income (OCI)	Hedging instruments	Financial assets at amortised cost
At 31 December 2018					
Other non-current assets[(i)]	367	44	4	67	252
Trade receivables	905	-	28	-	877
Other current assets[(i)]	973	-	7	40	927
Cash and cash equivalents	3,730	17	-	-	3,713

(i) Excluding non-financial assets.

FINANCIAL LIABILITIES

The following table shows financial liabilities by category.

(€ millions)	Total financial liabilities	Breakdown by category of instrument		
		Liabilities at amortised cost	NCI Puts	Derivative instruments
At 31 December 2019				
Bonds	**7,418**	**7,418**	**-**	**-**
Other loans and borrowings	**2,231**	**2,214**		**17**
Liabilities for put options granted to owners of non-controlling interests	**166**	**-**	**166**	**-**
Lease liabilities	**4,676**	**4,676**	**-**	**-**
Trade payables	**6,580**	**6,580**	**-**	**-**
Other liabilities(i)	**1,973**	**1,746**	**-**	**227**

(€ millions)	Total financial liabilities	Breakdown by category of instrument		
		Liabilities at amortised cost	NCI Puts	Derivative instruments
At 31 December 2018 (restated)				
Bonds	**6,409**	6,409	-	-
Other loans and borrowings	**2,571**	2,568	-	3
Liabilities for put options granted to owners of non-controlling interests	**188**	-	188	-
Lease liabilities	**4,238**	4,238	-	-
Trade payables	**6,668**	6,668	-	-
Other liabilities(i)	**2,053**	1,765	-	287

(i) Excluding non-financial liabilities.

11.4.2 Fair value hierarchy for assets and liabilities

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.

			Fair value hierarchy		
At 31 December 2019 (€ millions)	**Carrying amount**	**Fair value**	**Market price = Level 1**	**Models with observable inputs = Level 2**	**Models with unobservable inputs = Level 3**
Assets	**161**	**161**	**6**	**108**	**47**
Financial assets at fair value through profit or loss[i]	41	41	1	-	41
Financial assets at fair value through other comprehensive income[i]	27	27	5	22	
Fair value hedges – assets[ii]	78	78	-	78	-
Cash flow hedges and net investment hedges – assets[ii]	1	1	-	1	-
Other derivative instruments – assets	13	13	-	6	7
Liabilities	**14,719**	**14,402**	**4,687**	**9,548**	**167**
Bonds[iii]	7,418	7,102	4,687	2,416	-
Other borrowings[iv]	2,214	2,213	-	2,213	-
Lease liabilities	4,676	4,676	-	4,676	-
Fair value hedges – liabilities[ii]	17	17	-	17	-
Cash flow hedges and net investment hedges – liabilities[ii]	41	41	-	41	-
Other derivative instruments – liabilities[ii]	186	186	-	186	-
Put options granted to owners of non-controlling interests[v]	166	166	-	-	166

			Fair value hierarchy		
At 31 December 2018 (restated) (€ millions)	**Carrying amount**	**Fair value**	**Market price = Level 1**	**Models with observable inputs = Level 2**	**Models with unobservable inputs = Level 3**
Assets	**189**	**189**	**11**	**135**	**44**
Financial assets at fair value through profit or loss[i]	35	35	1	-	34
Financial assets at fair value through other comprehensive income[i]	38	38	10	28	-
Fair value hedges – assets[ii]	101	101	-	101	-
Cash flow hedges and net investment hedges – assets[ii]	6	6		6	
Other derivative instruments – assets	9	9	-		9
Liabilities	**13,694**	**13,372**	**5,180**	**8,003**	**188**
Bonds[iii]	6,409	6,087	5,180	907	-
Other borrowings[iv]	2,568	2,568	-	2,568	-
Lease liabilities	4,238	4,238	-	4,238	-
Fair value hedges – liabilities[ii]	3	3	-	3	-
Cash flow hedges and net investment hedges – liabilities[ii]	15	15	-	15	-
Other derivative instruments – liabilities[ii]	273	273	-	273	-
Put options granted to owners of non-controlling interests[v]	188	188	-	-	188

(i) Financial assets recognised at fair value are generally measured using standard valuation techniques. If their fair value cannot be determined reliably, they are not included in this note.
(ii) 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.
(iii) The fair value of bonds is based on the latest quoted price on the reporting date.
(iv) 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.
(v) 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 profit multiples (Note 3.4.1).

11.5 Financial risk management objectives and policies

The main risks associated with the Group's financial instruments are market risks (foreign currency risk, interest rate risk and equity risk), counterparty risk and liquidity risk.

Financial risk monitoring and management is the responsibility of the Corporate Finance department, which is part of the Group Finance department. This team manages all financial exposures in coordination with the Finance departments of the Group's main subsidiaries and reports to Senior Management.

Financing, short-term investment and financial risk management policies are overseen by the Corporate finance department in coordination with the subsidiaries' finance departments, using a conservative and pro-active approach particularly with respect to counterparty and liquidity risk management. Major transactions are monitored individually.

The Group Corporate Finance department has issued a guide to financing, investment and hedging best practices which is distributed to subsidiary Finance departments. The guide sets out financing methods, selection criteria for banking partners, appropriate hedging products and required authorisation levels.

The French and international business units' cash positions and forecasts are reported weekly and continuously monitored. The Group's other financial risk exposures, such as interest rate risk, currency risk on financial transactions and banking counterparty risk, are measured and analysed in monthly reports to Senior Management that also include action plans for dealing with any material identified risks.

The Group manages its exposure to interest rate risks and foreign currency risks using standard derivative financial instruments such as interest rate swaps and options (caps, floors, swaptions), currency swaps, forward currency contracts and currency options. These instruments are mainly over-the-counter instruments contracted with first-tier bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting.
Like many other large corporates, the Group may take very small, strictly controlled positions that do not qualify for hedge accounting, for more dynamic and flexible management of its interest rate and currency exposures.

11.5.1 Breakdown of derivative financial instruments

The table below shows a breakdown of derivative financial instruments by type of hedged risk and accounting classification:

(€ millions)	Note	2019	Interest rate risk	Foreign currency risk	Other market risks	2018
Derivatives – assets						
Derivatives at fair value through profit or loss	6.8.1 - 6.9	**13**	**-**	**6**	**7**	9
Cash flow hedges	6.8.1	**1**	**-**	**1**	**-**	6
Fair value hedges	6.8.1 - 6.9 - 11.2	**78**	**69**	**10**	**-**	101
Total derivatives – assets		***93***	***69***	***17***	***7***	**116**
of which non-current		***69***	***62***	***-***	***7***	*76*
of which current		***24***	***7***	***17***	***-***	*40*
Derivatives – liabilities						
Derivatives at fair value through profit or loss	6:10	**186**	**4**	**4**	**178**	273
Cash flow hedges	6:10	**41**	**41**	**-**	**-**	15
Fair value hedges	11.2	**17**	**11**	**7**	**-**	3
Total derivatives – liabilities		***244***	***55***	***10***	***178***	**291**
of which non-current		***51***	***50***	***-***	***1***	*286*
of which current		***193***	***5***	***10***	***178***	*5*

At 31 December 2019, derivatives held as fair value hedges (on a notional amount of €4,372 million) had a positive net fair value of €61 million. The total included (i) interest rate hedges in France on a notional amount of €4,160 million with a positive fair value of €55 million, and (ii) currency and interest rate hedges in Brazil on a notional amount of €211 million with a positive fair value of €6 million. All the currency and interest rate derivatives are backed by bank borrowings or bonds denominated either in the same currency or in a currency other than the borrower entity's functional currency. The ineffective portion of these fair value hedges is not material.
At 31 December 2019, the cash flow hedge reserve included in equity had a debit balance of €32 million (31 December 2018: debit balance of €8 million after tax).

These derivatives concern operations in France and Colombia. In France, they hedge goods purchases billed in currencies other than the euro (mainly the US dollar). Their notional amount at 31 December 2018 was USD 148 million (€132 million – Note 11.5.2). In Colombia, the notional amount hedged by the derivatives is €55 million. France applied cash flow hedge accounting to hedge interest rates on variable rate borrowings for a notional amount of €1,559 million at 31 December 2019. The ineffective portion of these cash flow hedges is not material.

Derivative instruments that do not qualify for hedge accounting under IFRS 9 had a negative fair value of €173 million at 31 December 2019 (31 December 2018: negative fair value of €263 million), including TRSs on GPA shares with a negative fair value of €177 million, versus a negative fair value of €272 million) (Note 11.3.2).

The fair value calculation at 31 December 2019 takes into account the credit valuation adjustment (CVA) and the debit valuation adjustment (DVA) in accordance with IFRS 13. The impact of these adjustments is not material.

11.5.2 Market risk

INTEREST RATE RISK

The Group's objective is to manage its exposure to the risk of interest rate changes and optimise its financing cost. Its strategy therefore consists of dynamic debt management by monitoring and, where necessary, adjusting its hedging ratio based on forecast trends in interest rates.

Interest rate risks are managed using various vanilla instruments. The main instruments are interest rate swaps and options (caps, floors and swaptions). These instruments do not always qualify for hedge accounting; however all interest-rate instruments are contracted in line with the above risk management policy.

Specifically, Casino, Guichard-Perrachon's debt is mainly composed of fixed-rate bonds and the Term Loan B, representing a principal amount of €4,679 million and €1,000 million, respectively, at 31 December 2019 (Note 11.2.3). This bond debt may be hedged through fixed-to-variable rate swaps generally contracted at the issue date; all of these hedges qualify for hedge accounting.

At 31 December 2019, Casino, Guichard-Perrachon had a portfolio of 56 interest-rate swaps and options with around ten bank counterparties. These instruments expire at various dates between 2020 and 2026.
At 31 December 2019, the interest rate risk on Casino, Guichard-Perrachon's bond debt and on the Term Loan B breaks down as: 26% at fixed rates (€1,471 million), 28% at a capped or floored variable rate (€1,607 million) and 46% at a variable rate (€2,601 million).

SENSITIVITY TO A CHANGE IN INTEREST RATES

Sensitivity to rate changes is calculated as shown in the table below.

(€ millions)	Notes	31 December 2019	31 December 2018 (restated)
Casino, Guichard-Perrachon variable-rate bonds(i)		**2,601**	**1,814**
Casino, Guichard-Perrachon capped variable-rate bonds(i)		**607**	**1,847**
Term Loan B		**959**	**-**
Brazil variable-rate bonds(ii)	11.2.3	**2,585**	**921**
Other variable-rate loans and borrowings(iii)(iv)(v)	11.2.4	**926**	**1,599**
Total variable-rate bonds, other loans and borrowings		**7,678**	**6,180**
Cash and cash equivalents	11.1	(3,572)	(3,730)
Net variable-rate position		**4,106**	**2,451**
100-bps change in interest rates		**33**	12
Net finance costs	11.3.1	**356**	320
Impact of change on net finance costs		**9.4%**	**3.9%**

(i) Corresponding to fixed-rate bonds and to the Term Loan B, representing a principal amount of €5,679 million (31 December 2018: €5,338 million) (Note 11.2.3), including a principal amount of €4,208 million (31 December 2018: €3,660 million) swapped for variable-rate debt, of which €1,607 million includes a capped or floored rate.
(ii) Principal.
(iii) Excluding accrued interest.
(iv) Including borrowings in Brazil originally denominated in BRL or USD for BRL 1,947 million (€431 million) swapped for variable-rate debt in BRL by means of cross-currency swaps where applicable (31 December 2018: BRL 974 million, representing €219 million).
(v) Including borrowings in Colombia originally denominated in COP for COP 259 billion, representing €70 million (31 December 2018: COP 1,860 billion, representing €499 million, swapped for variable rate debt).

Assuming a constant net debt structure and management policy, a 100-bps annual increase (decrease) in rates across the yield curve would lead to a 9.4% or €33 million increase (7.1% or €25 million decrease) in finance costs. For the purposes of the analysis, all other variables, particularly exchange rates, are assumed to be constant.

EXPOSURE TO FOREIGN CURRENCY RISK

Due to its geographically diversified business base, the Group is exposed to both currency translation risk on the translation of the balance sheets and income statements of subsidiaries outside the euro zone and to transaction risk on transactions denominated in currencies other than the euro.
Translation risk (or balance sheet currency risk) is the risk of an unfavourable change in the exchange rates used to translate the financial statements of subsidiaries located outside the euro zone into euros for inclusion in the consolidated financial statements adversely affecting the amounts reported in the consolidated statement of financial position and income statement, leading to a deterioration of the Group's financial structure ratios.
Transaction risk is the risk of an unfavourable change in exchange rates that adversely affects a cash flow denominated in foreign currency.

The Group's policy for managing transaction risk is to hedge highly probable budgeted exposures, which mainly concern cash flows arising from purchases made in a currency other than the buyer's functional currency and particularly purchases in US dollars which are hedged using forward contracts. These instruments are mainly over-the-counter instruments contracted with first-tier bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting.
As a general principle, budgeted purchases are hedged using instruments with the same maturities as the underlying transactions.

Currency risks on debts denominated in a currency other than the borrower's functional currency are systematically hedged, except where the debt represents a designated and documented hedge of a net investment in a foreign operation.

The Group's net exposure based on notional amounts after hedging mainly concerns the US dollar (excluding the functional currencies of entities), as shown below:

(€ millions)	Total exposure 2019	of which USD	Total exposure 2018
Exposed trade receivables	**(23)**	**(12)**	(33)
Exposed other financial assets	**(77)**	**(51)**	(117)
Exposed derivatives at fair value through profit or loss	**271**	**271**	272
Exposed trade payables	**263**	**233**	226
Exposed financial liabilities	**245**	**245**	723
Exposed other financial liabilities	**42**	**42**	-
Gross exposure payable/(receivable)	**722**	**728**	**1,071**
Hedged other financial assets	**94**	**94**	-
Hedged trade payables	**85**	**82**	111
Hedged financial liabilities	**229**	**229**	721
Other hedged financial liabilities	**32**	**32**	-
Net exposure payable/(receivable)	**282**	**290**	**240**
Hedges of future purchases	**132**	**132**	**143**
Exposed put options granted to owners of non-controlling interests(i)	**104**	**104**	119

(i) Changes in fair value of put options granted to owners of non-controlling interests (including the effect of movements in exchange rates) have no impact on profit or loss, because the puts are treated as transactions between owners and changes in their fair value are therefore recorded directly in equity (Note 3.4.1).

At 31 December 2018, the net statement of financial position exposure of €240 million mainly concerned the US dollar.

SENSITIVITY OF NET EXPOSURE AFTER FOREIGN CURRENCY HEDGING

A 10% appreciation of the euro at 31 December 2019 and 2018 against the currencies included in the Group's exposure would lead to an increase in profit for the amounts indicated in the table below.
For the purposes of the analysis, all other variables, particularly interest rates, are assumed to be constant.

(€ millions)	2019	2018
US dollar	**25**	27
Other currencies	**(1)**	(3)
Impact on net financial income (expense)	**24**	**24**

A 10% decline in the euro against those currencies at 31 December 2019 and 2018 would have produced the opposite effect.

SENSITIVITY TO TRANSLATION RISK

A 10% appreciation of the euro compared to the Group's other main currencies would have the following impact on the translation into euros of the sales, profit and equity of subsidiaries whose functional currency is not the euro:

(€ millions)	2019		2018 (restated)	
	Brazilian real	Colombian peso	Brazilian real	Colombian peso
Total revenue	**(1,124)**	**(291)**	(1,042)	(292)
Trading profit	**(39)**	**(14)**	(52)	(13)
Net profit	**(10)**	**(1)**	(24)	(1)
Equity	**(466)**	**(167)**	(581)	(72)

A 10% decline in the euro against those currencies would have produced the opposite effect.
For the purposes of the analysis, all other variables are assumed to be constant.

BREAKDOWN OF CASH AND CASH EQUIVALENTS BY CURRENCY

(€ millions)	2019	%	2018	%
Euro	1,743	49%	1,931	52%
US dollar	79	2%	100	3%
Brazilian real	1,071	30%	1,109	30%
Colombian peso	608	17%	530	14%
Uruguayan peso	34	1%	28	1%
Other currencies	37	1%	32	1%
Cash and cash equivalents	**3,572**	**100%**	**3,730**	**100%**

EXCHANGE RATES AGAINST THE EURO

Exchange rates against the euro	2019		2018	
	Closing rate	Average rate	Closing rate	Average rate
Brazilian real (BRL)	4.5157	4.4143	4.4440	4.3096
Colombian peso (COP)	3,692.38	3,672.20	3,726.09	3,487.48
Argentine peso (ARS)(i)	67.2695	67.2695	43.0451	43.0451
Uruguayan peso (UYP)	41.7621	39.4526	37.1753	36.2481
US dollar (USD)	1.1234	1.1194	1.1450	1.1806
Polish zloty (PLN)	4.2568	4.2971	4.3014	4.2617

(i) In accordance with IAS 29, the financial statements of Libertad have been translated at the year-end exchange rate.

EQUITY RISK

At 31 December 2019, the Group did not hold any significant investments in any listed companies other than its listed subsidiaries or treasury shares.

The Group may use derivative instruments (e.g., total return swaps, forward contracts, puts and calls) on equities to build a synthetic exposure to the shares of its listed subsidiaries (Note 11.3.2) or a synthetic hedge of a financial exposure to a fall in stock prices. The carrying amount of these instruments corresponds to their estimated value as provided by a financial institution on the reporting date. These values take account of market data such as exchange rates, share prices and interest rates.

In addition, the Group does not hold any options or any derivatives backing its own shares. Its policy as regards cash management is to invest only in money market instruments that are not exposed to equity risk.

11.5.3 Counterparty risk

The Group is exposed to various aspects of counterparty risk through its operating activities, cash deposits and interest rate and currency hedging instruments. It monitors these risks regularly using several objective indicators, and diversifies its exposure by dealing with the least risky counterparties (based mainly on their credit ratings and their reciprocal commitments with the Group).

COUNTERPARTY RISK RELATED TO TRADE RECEIVABLES

Customer credit risk:
Group policy consists of checking the financial health of all customers applying for credit payment terms. Customer receivables are regularly monitored; consequently, the Group's exposure to bad debts is not material.

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

(€ millions)	Not yet due	Past-due trade receivables at the reporting date				Total
		Up to one month past due	Between one and six months past due	More than six months past due	Total past-due trade receivables	
31 December 2019						
Trade receivables	**579**	**79**	**120**	**162**	**361**	**940**
Allowance for lifetime expected losses	**(3)**	**(11)**	**(15)**	**(75)**	**(101)**	**(104)**
Total, net (Note 6.7.1)	**576**	**68**	**105**	**86**	**260**	**836**
At 31 December 2018						
Trade receivables	691	95	79	165	339	1,030
Allowance for lifetime expected losses	(1)	(6)	(29)	(89)	(124)	(125)
Total, net (Note 6.7.1)	**690**	**90**	**49**	**76**	**215**	**905**

COUNTERPARTY RISK RELATED TO OTHER ASSETS

Credit risk on other financial assets – mainly comprising cash and cash equivalents, equity instruments, loans, legal deposits paid by GPA and certain derivative financial instruments – corresponds to the risk of failure by the counterparty to fulfil its obligations. The maximum risk is limited and equal to the instruments' carrying amount. The Group's cash management policy consists of investing cash and cash equivalents with first-tier counterparties and in first-tier rated instruments.

11.5.4 Liquidity risk

The 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.

The liquidity analysis is performed both for the France Retail segment (taking into account the cash pool operated with most French subsidiaries) and for each of the Group's international subsidiaries.

All subsidiaries of the Casino, Guichard-Perrachon holding company scope submit weekly cash reports to the Group and all new financing facilities require prior approval from the Corporate Finance department.

At 31 December 2019, the Group's liquidity position comprised:

- confirmed, undrawn lines of credit for a total of €2,666 million (of which a non-current portion of €2,331 million for France);
- available cash totalling €3,572 million (of which €1,793 million in available cash and €193 million held in escrow in France).

Casino, Guichard-Perrachon had the following financing facilities at 31 December 2019 (France Retail):

- unsecured bonds for €3,879 million;
- secured high-yield bonds for €800 million;
- Term Loan B for €1,000 million.

Casino, Guichard-Perrachon also raises funds through negotiable European commercial paper issues (NEU CP), under which €129 million was outstanding at 31 December 2019 (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.

The main liquidity risk management methods consist in:

- diversifying sources of financing to include capital markets, private placements, banks (confirmed and unconfirmed facilities), negotiable European commercial paper (NEU CP) issues and discounting facilities;
- diversifying financing currencies to include the euro, the Group's other functional currencies and the US dollar;
- maintaining a level of confirmed financing facilities significantly in excess of the Group's payment obligations at all times;
- limiting the amount of annual repayments and proactively managing the repayment schedule;
- managing the average maturity of financing facilities and, where appropriate, refinancing them before they fall due.

Management of short-term debt

Access to the European negotiable commercial paper (NEU CP) market is subject to market conditions and investor appetite for Casino debt. Market access has been limited since May 2019 amid heightened volatility (Rallye safeguard proceedings, downgrade in the Group's credit rating by S&P's and Moody's, and general market volatility). Outstanding commercial paper issues represented €129 million at 31 December 2019 versus €221 million at 31 December 2018. In addition, the Group carries out non-recourse receivables discounting without continuing involvement, within the meaning of IFRS 7, as well as reverse factoring.

At 31 December 2019, trade payables totalling €1,594 million (including €445 million in France Retail payables, €1,092 million in Latam Retail payables and €57 million in E-commerce payables) had been reverse factored, versus €1,832 million at 31 December 2018 (€704 million, €971 million, and €157 million, respectively).

Management of medium- and long-term debt

To manage its medium- and long-term liquidity, the Group prepared for the February 2021 maturity of its euro-denominated RCF and in September 2019 refinanced all of its confirmed credit facilities via a new €2 billion confirmed credit line maturing in October 2023 (or in October 2022 if the bond tranche maturing in January 2023 has not been refinanced at that date). This new credit line was subscribed by 21 French and international banks. The refinancing transactions extended the average maturity of the Group's confirmed credit facilities by two years, from 1.6 years at 31 December 2018 to 3.6 years at end-2019.

The Group also proved its ability to raise funds on the capital and private placement markets in two transactions carried out in November 2019 in the form of a €1 billion secured term loan and an €800 million secured bond issue. These two instruments fall due in January 2024 and were heavily oversubscribed. They enable the Group to finance the tender offer on the bonds maturing in 2020, 2021 and 2022 for a nominal amount of €784 million and to repay the drawn credit lines to date for a total amount of €630 million. The average maturity of the Group's debt increased to 3.8 years from 3.3 years previously.

The terms applicable to the new facilities reflect the downgrade of the Group's credit ratings by Moody's (B2/negative outlook) and S&P's (B/negative outlook) following the introduction of safeguard proceedings for Rallye and its parent companies. The table below shows Moody's and Standard & Poor's ratings for the Group's financial instruments following its refinancing:

Financial instrument rating	Moody's	Standard & Poor's
Casino, Guichard-Perrachon	B2/negative outlook (23 October 2019)	B/negative outlook (28 May 2019)
Secured high-yield bonds	B1/negative outlook (19 November 2019)	B+/negative outlook (22 October 2019)
Term Loan B	B1/negative outlook (19 November 2019)	B+/negative outlook (22 October 2019)
Bonds issued under the EMTN programme	B3/negative outlook (23 October 2019)	B/negative outlook (28 May 2019)
Deeply-subordinated perpetual bonds (TSSDI)	Caa1/negative outlook (23 October 2019)	CCC (28 May 2019)

The high-yield bond issue by Quatrim is secured by shares in L'Immobilière Groupe Casino, a wholly-owned subsidiary of Quatrim which holds property assets (excluding Monoprix and Franprix-Leader Price property assets and certain assets disposed of/pending disposal).

For its new revolving credit facility (RCF) and Term Loan B, Casino has granted security rights over shares, the principal bank accounts and intragroup receivables of its main operating subsidiaries and holding companies in France holding shares in the Group's Latin American operations.

The revolving credit facility is also subject to maintenance covenants tested quarterly as from 31 March 2020.

No security interests or collateral have been granted in respect of Casino, Guichard-Perrachon's other borrowings or the borrowings of its main subsidiaries (GPA, Éxito and Monoprix), except for loans obtained by GPA from BNDES, which totalled €6 million at 31 December 2019.

Casino, Guichard-Perrachon debt covenants

a. Covenants at 31 December 2019

At the reporting date, Casino, Guichard-Perrachon's debt was subject to the following hard covenants to be met at each year-end:

Type of covenant	Main types of debt subject to covenant	Frequency of tests	Ratio at 31 December 2019
Consolidated net debt(1)/Consolidated EBITDA(3) < 3.5	▪ €198 million syndicated credit line	Annual	**3.29x**
Consolidated net debt(2)/Consolidated EBITDA(3) < 3.5	▪ USD 25 million syndicated credit line		**2.33x**

(1) Net debt as defined in these loan agreements may differ from net debt presented in the consolidated financial statements (Note 11.2). It corresponds to gross borrowings and debt including hedging instruments with a negative fair value, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and short-term financial investments, (iii) derivatives with a positive fair value classified as hedges of debt and (iv) financial assets arising from a significant disposal of non-current assets.
(2) For these facilities, the definition of net debt includes the net assets held for sale attributable to owners of the parent.
(3) EBITDA (earnings before interest, taxes, depreciation and amortisation) excluding the impacts of applying IFRS 16 corresponds to trading profit/loss plus recurring net depreciation and amortisation expense.

These covenants were respected at 31 December 2019.

b. Additional covenants as from 31 March 2020

Starting 31 March 2020, Casino, Guichard-Perrachon's France Retail and E-commerce segments will be required to comply with the covenants set out below, calculated each quarter on a rolling 12-month basis (not tested at 31 December 2019):

Type of covenant (France and E-commerce)	Main types of debt subject to covenant	Frequency of tests
Debt(1)/EBITDA(2): < 7.75(3)	▪ RCF for €2,000 million	Quarterly
EBITDA(2)/net finance costs: > 2.25		

(1) Debt as defined in the loan agreements reflects loans and borrowings for the France Retail and E-commerce segments as presented in Note 11.2.1, and certain GPA holding companies reported in the Latam segment (notably Segisor).
(2) EBITDA as defined in the loan agreements reflects trading profit/loss for the France Retail and E-commerce segments, adjusted for (i) net depreciation, amortisation and provision expense, (ii) repayments of lease liabilities, and (iii) interest expense on lease liabilities.
(3) 7.75x at 31 March 2020, 7.50x at 30 June 2020, 7.25x at 30 September 2020, 5.75x at 31 December 2020, 6.50x at 31 March 2021, 6.00x at 30 June 2021 and 30 September 2021, and 4.75x as from 31 December 2021.

Casino, Guichard-Perrachon's bonds and negotiable European commercial paper (NEU CP) issues are not subject to any financial covenants.

c. Other clauses and restrictions

Documentation for the RCF, Term Loan B and high-yield bond issue put in place as part of the Group's refinancing in late 2019 include the usual restrictions for high-yield borrowings applicable to the Group as a whole (excluding the Latam segment and companies less than 50%-owned, but including certain holding companies reported in the Latam segment, notably Segisor). These restrictions concern Casino, Guichard-Perrachon dividend payments, sales of assets as defined in the documentation, additional borrowings, and additional security interests and collateral.

The Term Loan B and high-yield bond also include incurrence covenants which only apply upon the occurrence of certain specific events or to enable certain transactions to proceed, in particular:

- an incurrence covenant will apply in the event special dividends are paid in addition to ordinary dividends[1], as follows: gross debt/EBITDA (France Retail + E-commerce): < 3.5x;
- leverage and secured debt leverage covenants or a fixed charge coverage ratio (FCCR) as defined in the documentation may be applied on an independent or additional basis, depending on the transactions planned:
  - FCCR: EBITDA[2]/Fixed charges[2]: > 2
  - Secured debt leverage: Consolidated leverage[2]/EBITDA[2]: < 2

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

[2] As defined in the loan agreements.

The Group's loan and bond agreements include the usual clauses for such contracts, notably *pari passu*, negative pledge and cross-default clauses.

Most loan documentation concerning the debt remaining after Casino's November 2019 refinancing transactions contains change-of-control clauses, defined as the acquisition of control over Casino by a third party other than Rallye and its affiliates. Activation of the change-of-control clauses would trigger the early redemption of loans or the cancellation of confirmed credit lines at the individual discretion of the lenders.

Change-of-control clauses are included in all of Casino's bond financing documentation relating to the debt remaining after its November 2019 refinancing transactions, except in the documentation for the €600 million in deeply-subordinated perpetual bonds (TSSDI) issued in 2005. Change of control is established when two criteria are met:

- a third party, other than Rallye and its affiliates, acting alone or in concert, acquires shares conferring more than 50% of Casino's voting rights; and
- this change of control directly triggers a downgrade of Casino's long-term credit rating (by at least one notch in the event that Casino's rating is not investment grade).

The impact on the Group's bond issues are as follows:

- for bonds issued under the EMTN programme, representing a cumulative nominal amount of €3,879 million at 31 December 2019, each bond investor would be entitled to request from Casino the early redemption of all its bonds at par, at its individual discretion;
- for €750 million worth of TSSDI issued in 2013, the interest would be raised by an additional spread of 5% per annum and Casino would be entitled to buy back all of the bonds at par.

The documentation for the refinancing transactions also includes change-of-control clauses for three entities:

- Casino, Guichard-Perrachon (RCF/Term Loan B/Quatrim high-yield borrowings): an entity other than Rallye or one of its affiliated entities holds more than 50% of Casino's share capital or if substantially all of the Group's assets are sold/transferred;
- Casino Finance (RCF): a third party (other than Rallye or its affiliates) takes control of Casino Finance;
- Monoprix (RCF): Monoprix is no longer controlled by Casino and/or its subsidiaries or if the percentage of ownership interest or voting rights held (by Casino and/or its subsidiaries) is lower than 40%.

A change of control would offer the lenders the possibility of cancelling their commitments at their individual discretion (limited to one-third of the nominal amount of the RCF in the event of a change of control of Monoprix). In the case of the high-yield bond issue, Quatrim, the wholly-owned subsidiary of Casino, Guichard-Perrachon that issued the bonds, would launch a tender offer (at a specified price) in which investors could participate.

Financing of subsidiaries subject to covenants

Most of the Group's other loan agreements – primarily concerning GPA, Monoprix and Segisor – contain hard covenants (see table below).

Subsidiary	Type of covenant	Frequency of tests	Main types of debt subject to covenant
Monoprix	Net debt/EBITDA < 2.5[(iv)]	Annual	▪ €111 million syndicated credit line
GPA[(i)]	Net debt[(ii)] may not be higher than equity[(iii)]	Quarterly/half-yearly/annually	▪ All bond issues and certain bank borrowings
	Consolidated net debt/EBITDA < 3.25		
Segisor	Net debt/value of GPA shares < 50%[(v)]	Quarterly	▪ Bank loans totalling €196 million (Note 11.2.4)

(i) All of GPA's covenants are based on consolidated indicators for the GPA sub-group.
(ii) Debt less cash, cash equivalents and receivables.
(iii) Consolidated equity (attributable to owners of the parent and non-controlling interests).
(iv) Monoprix's covenant is based on its consolidated financial statements.
(v) Segisor's covenant is based on its parent company financial statements.

These covenants were respected at 31 December 2019.

EXPOSURE TO LIQUIDITY RISK

The table below presents an analysis by maturity of financial liabilities at 31 December 2019, including principal and interest and for undiscounted amounts. For derivative financial instruments, the table has been drawn up based on the contractual net cash inflows and outflows on instruments that settle on a net basis and the gross inflows and outflows on those instruments that require gross settlement. For interest rate instruments, when the amount payable or receivable is not fixed, the amount presented has been determined by reference to observed yield curves as at the reporting date.

For the TRS and forward instruments described in Note 11.3.2, the cash flows presented in the table below reflect the interest payable and the fair value of instruments as at the reporting date.

31 December 2019 (€ millions)	Maturity Due within one year	Due in one to two years	Due in two to three years	Due in three to five years	Due in more than five years	Total contractual cash flows	Carrying amount
Non-derivative financial instruments recognised in liabilities:							
Bonds and other borrowings	**1,731**	**2,178**	**1,559**	**4,989**	**763**	**11,221**	**9,632**
Liabilities for put options granted to owners of non-controlling interests	**108**	**-**	**28**	**38**	**-**	**174**	**166**
Lease liabilities	**1,015**	**906**	**856**	**1,452**	**2,095**	**6,324**	**4,676**
Trade payables and other financial liabilities	**8,288**	**4**	**-**	**1**	**33**	**8,326**	**8,326**
Total	**11,142**	**3,089**	**2,443**	**6,479**	**2,891**	**26,044**	**22,801**
Derivative financial instruments – assets/(liabilities):							
Interest rate derivatives							
Derivative contracts – received	**5**	**-**	**-**	**-**	**-**	**5**	
Derivative contracts – paid	**(5)**	**-**	**-**	**-**	**-**	**(5)**	
Derivative contracts – net settled	**4**	**4**	**2**	**-**	**-**	**9**	
Currency derivatives							
Derivative contracts – received	**292**	**1**	**1**	**-**	**-**	**294**	
Derivative contracts – paid	**(288)**	**(1)**	**(1)**	**-**	**-**	**(290)**	
Derivative contracts – net settled	**4**	**-**	**-**	**-**	**-**	**4**	
Other derivative instruments							
Derivative contracts – received	**-**	**-**	**-**	**-**	**-**	**-**	
Derivative contracts – paid	**(226)**	**-**	**-**	**-**	**-**	**(226)**	
Derivative contracts – net settled	**-**	**-**	**-**	**-**	**-**	**-**	
Total	**(215)**	**4**	**2**	**-**	**-**	**(208)**	**(152)**

31 December 2018 (restated) (€ millions)	Maturity Due within one year	Due in one to two years	Due in two to three years	Due in three to five years	Due in more than five years	Total contractual cash flows	Carrying amount
Non-derivative financial instruments recognised in liabilities:							
Bonds and other borrowings	2,492	1,790	1,514	2,451	2,091	10,338	8,977
Liabilities for put options granted to owners of non-controlling interests	126	5	-	68	-	199	188
Lease liabilities	926	843	759	1,335	1,925	5,788	4,238
Trade payables and other financial liabilities	8,381	25	-	1	26	8,433	8,433
Total	**11,924**	**2,663**	**2,273**	**3,856**	**4,042**	**24,758**	**21,837**
Derivative financial instruments – assets/(liabilities):							
Interest rate derivatives							
Derivative contracts – received	16	4	-	-	-	20	
Derivative contracts – paid	(18)	(3)	-	-	-	(22)	
Derivative contracts – net settled	18	14	7	(1)	1	39	
Currency derivatives							
Derivative contracts – received	370	66	1	1	-	437	
Derivative contracts – paid	(342)	(57)	(1)	(1)	-	(400)	
Derivative contracts – net settled	15	8	-	-	-	23	
Other derivative instruments							
Derivative contracts – received	-	-	-	-	-	-	
Derivative contracts – paid	(19)	(293)	-	-	-	(311)	
Derivative contracts – net settled	-	-	-	-	-	-	
Total	**40**	**(262)**	**7**	**(1)**	**1**	**(215)**	**(174)**

Note 12 Equity and earnings per share

Accounting principle

Equity is attributable to two categories of owner: the owners of the parent (Casino, Guichard-Perrachon shareholders) and the owners of the non-controlling interests in its subsidiaries. A non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent.

Transactions with the owners of non-controlling interests resulting in a change in the parent company's percentage interest without loss of control affect only equity as there is no change of control of the economic entity. Cash flows arising from changes in ownership interests in a fully consolidated subsidiary that do not result in a loss of control (including increases in percentage interest) are classified as cash flows from financing activities.

In the case of an acquisition of an additional interest in a fully consolidated subsidiary, the Group recognises the difference between the acquisition cost and the carrying amount of the non-controlling interests as a change in equity attributable to owners of Casino, Guichard-Perrachon. Transaction costs are also recognised in equity. The same treatment applies to transaction costs relating to disposals without loss of control. In the case of disposals of controlling interests involving a loss of control, the Group derecognises the whole of the ownership interest and, where appropriate, recognises any investment retained in the former subsidiary at its fair value. The gain or loss on the entire derecognised interest (interest sold and interest retained) is recognised in profit or loss under "Other operating income" or "Other operating expenses", which amounts to remeasuring the retained previously-held investment at fair value through profit or loss. Cash flows arising from the acquisition or loss of control of a subsidiary are classified as cash flows from investing activities.

Equity instruments and hybrid instruments

The classification of instruments issued by the Group in equity or debt depends on each instrument's specific characteristics. An instrument is deemed to be an equity instrument when the following two conditions are met:

- the instrument does not contain a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; and
- in the case of a contract that will or may be settled in the entity's own equity instruments, it is either a non-derivative that does not include a contractual obligation to deliver a variable number of the entity's own equity instruments, or it is a derivative that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Group also examines the special provisions of contracts to ensure the absence of an indirect obligation to buy back the equity instruments in cash or by delivering another financial asset or by delivering shares with a value substantially higher than the amount of cash or the other financial asset to be delivered.

In particular, instruments that are redeemable at the Group's discretion and for which the remuneration depends on the payment of a dividend are classified in equity.

When a "debt" component exists, it is measured separately and classified under "financial liabilities".

Equity transaction costs

External and qualifying internal costs directly attributable to equity transactions or transactions involving equity instruments are recorded as a deduction from equity, net of tax. All other transaction costs are recognised as an expense.

Treasury shares

Casino, Guichard-Perrachon shares purchased by the Group are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity with the result that any disposal gains or losses, net of the related tax effect, have no impact in the income statement for the period.

Options on treasury shares

Options on treasury shares are treated as derivative instruments, equity instruments or financial liabilities depending on their characteristics.

Options classified as derivatives are measured at fair value through profit or loss. Options classified as equity instruments are recorded in equity at their initial amount and changes in value are not recognised. The accounting treatment of financial liabilities is described in Note 11.

12.1 Capital management

The Group's policy is to maintain a strong capital base in order to preserve the confidence of investors, creditors and the markets while ensuring the financial headroom required to support the Group's future business development. The Group aims to continually optimise its financial structure by maintaining an optimum balance between net debt, EBITDA and equity. To this end, it may adjust the amount of dividends paid to shareholders (subject to the restrictions set out in the documentation for the RCF, Term Loan B and high-yield bond – Note 11.5.4c), return part of the capital to shareholders, buy back its own shares or issue new shares. From time to time, the Group may buy back its own shares in the market. The shares are generally acquired for allocation to a liquidity contract used to make a market in the shares, or to be held for allocation under stock option plans, employee share ownership plans or free share plans for employees.

The policy objectives and management procedures are exactly the same as in previous years.

Apart from legal requirements, the Group is not subject to any external minimum capital requirements.

12.2 Share capital

At 31 December 2019, the Company's share capital amounted to €165,892,132 (31 December 2018: €167,886,006 and was composed of 108,426,230 ordinary shares issued and fully paid as at that date (31 December 2018: 109,729,416 shares).
The decrease was mainly due to the cancellation of 1,303,186 shares by the Board of Directors on 13 June 2019, representing a total of €40 million of which €2 million corresponding to the shares' aggregate par value. The shares have a par value of €1.53.

Under the shareholder authorisations given to the Board of Directors, the share capital may be increased, immediately or in the future, by up to €2 billion.

12.3 Share equivalents

The Group is committed to granting free shares under various plans (Note 8.3). The Group intends to fulfil its obligations under those plans by delivering existing shares when the related rights vest.

12.4 Treasury shares

Treasury shares result from shareholder-approved buybacks of Casino, Guichard-Perrachon S.A. shares. At 31 December 2019, a total of 830,257 shares were held in treasury, representing €28 million (31 December 2018: 961,761 shares representing €33 million. The shares were purchased primarily for allocation upon exercise of the rights under free share plans.

In January 2019, the Group signed a new liquidity agreement with Rothschild Martin Maurel, effective 1 January, to take account of the changes in regulations governing such agreements, in accordance with AMF decision 2018-01 dated 2 July 2018. This new agreement replaces the previous agreement signed in 2005. On the date of signature of the contract in January 2019, €30 million in cash was held in the liquidity contract and no shares. At 31 December 2019, no Casino, Guichard-Perrachon S.A. shares were held in the liquidity account.

Purchases and sales of treasury shares in 2019 led to a €40 million reduction in equity, also corresponding to the net cash outflow for the period (notably €40 million in respect of shares purchased by Casino for cancellation).

12.5 Deeply-subordinated perpetual bonds (TSSDI)

At the beginning of 2005, the Group issued 600,000 deeply-subordinated perpetual bonds (TSSDI) for a total amount of €600 million. The bonds are redeemable solely at the Group's discretion and interest is due only if the Group pays a dividend on its ordinary shares in the preceding 12 months. The bonds pay interest at the 10-year constant maturity swap rate plus 100 bps, capped at 9%. In 2019, the average coupon was 1.65% (2018: 1.93%).

On 18 October 2013, the Group issued €750 million worth of perpetual hybrid bonds (7,500 bonds) on the market. The bonds are redeemable at the Company's discretion with the first call date set for 31 January 2019 and the second on 31 January 2024. The bonds paid interest at 4.87% until 31 January 2019. Since then, as specified in the prospectus, the interest rate has been reset at 3.992%. This rate will be reset every five years.

Given their specific characteristics in terms of maturity and remuneration, the bonds are carried in equity for the amount of €1,350 million. Issuance costs net of tax have been recorded as a deduction from equity.

12.6 Breakdown of other reserves

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation adjustments	Actuarial gains and losses	Equity instruments[(i)]	Debt instruments[(i)]	Total other reserves
At 1 January 2018 (restated)	**(18)**	**(1)**	**(1,997)**	**(97)**	**2**	**(2)**	**(2,114)**
Movements for the year	10	-	(330)	(9)	(4)	-	(333)
At 31 December 2018 (restated)	**(8)**	**(1)**	**(2,326)**	**(107)**	**(2)**	**(2)**	**(2,446)**
Movements for the year	(23)	-	(59)	(11)	(2)	1	(94)
At 31 December 2019	**(32)**	**(1)**	**(2,385)**	**(118)**	**(3)**	**(1)**	**(2,540)**

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

12.7 Other information on additional paid-in capital, retained earnings and reserves

12.7.1 Foreign currency translation adjustments

Foreign currency translation adjustments correspond to exchange gains and losses on translating the equity of foreign subsidiaries and receivables and payables included in the Group's net investment in these subsidiaries, at the closing rate.

Foreign currency translation adjustments by country at 31 December 2019

(€ millions)	Attributable to owners of the parent			Attributable to non-controlling interests			Total
	1 January 2019	Movements for the year	31 December 2019	1 January 2019	Movements for the year	31 December 2019	31 December 2019
Brazil	(1,847)	(8)	**(1,855)**	(2,899)	(64)	**(2,963)**	**(4,817)**
Argentina	(175)	(34)	**(209)**	(15)	(23)	**(38)**	**(247)**
Colombia	(295)	15	**(281)**	(354)	54	**(300)**	**(581)**
Uruguay	(34)	(35)	**(69)**	(46)	(19)	**(64)**	**(133)**
United States	20	-	**20**	1	-	**1**	**21**
Poland	14	1	**15**	-	-	**-**	**15**
Indian Ocean	(9)	-	**(9)**	(3)	-	**(3)**	**(12)**
Hong Kong	1	-	**1**	-	-	**-**	**1**
Total foreign	**(2,326)**	**(59)**	**(2,385)**	**(3,315)**	**(51)**	**(3,367)**	**(5,752)**

Foreign currency translation adjustments by country at 31 December 2018

(€ millions)	Attributable to owners of the parent			Attributable to non-controlling interests			Total
	1 January 2018	Movements for the year	31 December 2018	1 January 2018	Movements for the year	31 December 2018	31 December 2018 (restated)
Brazil	(1,571)	(276)	**(1,847)**	(2,492)	(407)	**(2,899)**	**(4,746)**
Argentina	(156)	(20)	**(175)**	(13)	(2)	**(15)**	**(190)**
Colombia	(282)	(14)	**(295)**	(320)	(34)	**(354)**	**(649)**
Uruguay	(17)	(16)	**(34)**	(31)	(14)	**(46)**	**(79)**
United States	19	-	**20**	1	-	**1**	**20**
Poland	17	(4)	**14**	-	-	**-**	**14**
Indian Ocean	(8)	(1)	**(9)**	(3)	-	**(3)**	**(12)**
Hong Kong	1	-	**1**	-	-	**-**	**1**
Total foreign currency	**(1,997)**	**(330)**	**(2,326)**	**(2,858)**	**(457)**	**(3,315)**	**(5,642)**

12.7.2 Notes to the consolidated statement of comprehensive income

(€ millions)	2019	2018 (restated)
Cash flow hedges and cash flow hedge reserve[(i)]	**(19)**	**13**
Change in fair value	**(27)**	14
Reclassifications to inventories	**-**	-
Reclassifications to profit or loss	**-**	6
Income tax (expense)/benefit	**7**	(6)
Debt instruments at fair value through other comprehensive income (OCI)	**5**	**2**
Net change in fair value	**6**	2
Impairment losses	**-**	-
Reclassifications to profit or loss	**-**	-
Income tax (expense)/benefit	**(1)**	-
Foreign currency translation reserves (Note 12.7.1)	**(110)**	**(779)**
Foreign currency translation adjustments for the year	**(124)**	(846)
Net investment hedges	**-**	-
Reclassifications to profit or loss	**14**	67
Income tax (expense)/benefit	**-**	-
Equity instruments at fair value through other comprehensive income	**(1)**	**(2)**
Net change in fair value	**(1)**	(2)
Income tax (expense)/benefit	**-**	-
Actuarial gains and losses	**(12)**	**(9)**
Actuarial gains and losses for the year	**(18)**	(15)
Income tax (expense)/benefit	**6**	5
Share of other comprehensive income of equity-accounted investees	**(5)**	**(11)**
Cash flow hedges and cash flow hedge reserve – net change in fair value	**(3)**	(2)
Cash flow hedges and cash flow hedge reserve – reclassifications to profit or loss	**-**	(1)
Foreign currency translation reserve – adjustments for the year	**(1)**	(8)
Foreign currency translation reserve – reclassification to profit or loss	**-**	-
Equity instruments at fair value through other comprehensive income – change in fair value	**(1)**	(2)
Actuarial gains and losses – net gain or loss for the year	**-**	-
Income tax (expense)/benefit	**-**	1
Total	**(142)**	**(788)**

(i) The change in the cash flow hedge reserve in 2019 and 2018 was not material.

12.8 Non-controlling interests

The following table provides detailed information on material non-controlling interests.

(€ millions)	GPA		Éxito[(ii)]	Other	Total
	Total GPA[(i)]	o/w Via Varejo			
Country	Brazil	Brazil	Colombia		
1 January 2018 (restated)	**4,182**	**1,222**	**1,149**	**42**	**5,373**
% of ownership interests held by non-controlling interests[(iii)]	*66.9%*	*85.7%*	*44.7%*		
% of voting rights held by non-controlling interests[(iii)]	*0.06%*	*37.5%*	*44.7%*		
Net profit/(loss)	214	(9)	35	(5)	**244**
Other comprehensive income/(loss)[(iv)]	(423)	60	(29)	(4)	**(456)**
Dividends paid/payable	(46)	(2)	(24)	(33)	**(103)**
Other movements	7	1	93	49	**149**
31 December 2018 (restated)	**3,934**	**1,272**	**1,224**	**50**	**5,208**
% of ownership interests held by non-controlling interests[(iii)]	*66.9%*	*85.7%*	*44.7%*		
% of voting rights held by non-controlling interests[(iii)]	*0.06%*	*60.6%*	*44.7%*		
Net profit/(loss)	**88**	**(20)**	**32**	**(11)**	**110**
Other comprehensive income/(loss)[(iv)]	**(56)**	**(104)**	**8**	**-**	**(48)**
Dividends paid/payable	**(39)**	**-**	**(34)**	**(19)**	**(92)**
Other movements	**(2,226)**	**(1,148)**	**525**	**47**	**(1,654)**
31 December 2019	**1,702**	**-**	**1,755**	**67**	**3,523**
% of ownership interests held by non-controlling interests[(iii)]	*58.7%*		*60.2%*		
% of voting rights held by non-controlling interests[(iii)]	*0.06%*		*[(v)]*		
Average % of ownership interests held by the Group in 2019	*34.4%*		*52.7%*		
% of ownership interests held by the Group at 31 December 2019	*41.3%*		*39.8%*		

(i) GPA excluding Éxito.
(ii) Éxito excluding GPA, including Uruguay and Argentina. GPA has had control of Éxito since November 2019.
(iii) The percentages of non-controlling interests set out in this table cover the scope of the Casino Group and do not include the Group's own non-controlling interests in sub-groups.
(iv) Other comprehensive income (loss) consists mainly of exchange differences arising on translation of foreign subsidiaries' financial statements.
(v) GPA holds 97% of Éxito's share capital. Éxito remains the majority shareholder of the Group's subsidiaries in Argentina (mainly Libertad with a 100% interest) and Uruguay (mainly Disco and Devoto in which it holds 62.5% and 100%, respectively, of the economic rights).

At the General Shareholders' Meeting on 30 December 2019, GPA's shareholders approved the migration of the company's shares to Brazil's Novo Mercado B3 listing segment. Accordingly, all preferred shares were converted into ordinary shares at an exchange ratio of 1:1, and the migration/conversion was completed at the beginning of March 2020. These transactions marked the final steps in the Group's efforts to simplify its structure in Latin America (Note 2).
At 31 December 2019, Casino holds 99.9% of GPA's voting rights and 41.3% of its capital. On 2 March 2020, GPA's share capital comprised a single class of shares, of which Casino held 41.2%.

SUMMARISED FINANCIAL INFORMATION ON THE MAIN SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The information presented in the table below is based on the IFRS financial statements, adjusted where applicable to reflect the remeasurement at fair value on the date of acquisition or loss of control, and to align accounting policies with those applied by the Group. The amounts are shown before intragroup eliminations.

(€ millions)	GPA(i)		Éxito(ii)	
	2019	2018 (restated)	2019	2018 (restated)
Net sales	**12,290**	11,416	**4,053**	4,153
Net profit from continuing operations	**130**	272	**21**	41
Net profit/(loss) from discontinued operations	**9**	31	**(4)**	-
Consolidated net profit	**138**	304	**17**	41
Attributable to non-controlling interests in continuing operations	***83***	*182*	***34***	*35*
Attributable to non-controlling interests in discontinued operations	***5***	*32*	***(2)***	-
Other comprehensive income/(loss)	**(77)**	(604)	**12**	-
Total comprehensive income/(loss) for the year	**61**	(301)	**30**	42
Attributable to non-controlling interests	***33***	*(209)*	***39***	*6*
Non-current assets	**7,896**	7,600	**4,884**	3,987
Current assets	**2,986**	9,539	**1,462**	1,328
Non-current liabilities	**(4,281)**	(2,667)	**(1,819)**	(1,547)
Current liabilities	**(3,541)**	(8,608)	**(584)**	(1,757)
Net assets	**3,060**	**5,863**	**3,943**	**2,012**
Attributable to non-controlling interests	***1,702***	*3,934*	***1,755***	*1,224*
Net cash from operating activities	**36**	1,198	**531**	275
Net cash used in investing activities	**(10)**	(423)	**(126)**	(158)
Net cash from/(used in) financing activities	**404**	(607)	**(1,209)**	199
Effect of changes in exchange rates on cash and cash equivalents(iii)	**(1,141)**	(202)	**901**	(228)
Change in cash and cash equivalents	**(711)**	**(34)**	**97**	**88**
Dividends paid to the Group(iv)	***20***	***33***	***20***	***14***
Dividends paid to owners of non-controlling interests during the period(iv)	***31***	*51*	***34***	*24*

(i) GPA excluding Éxito.
(ii) Éxito excluding GPA, including Uruguay and Argentina.
(iii) In 2019, this item mainly reflected the simplification of the Casino Group's structure in Latin America (Note 2) and more specifically GPA's acquisition of the shares held by Casino in Éxito and Éxito's sale of Segisor shares to Casino.
(iv) GPA and Éxito have an obligation to pay out 25% and 50% respectively of annual net profit in dividends.

12.9 Dividends

At the Annual General Meeting of 7 May 2019, the shareholders approved the payment of a €3.12 cash dividend per ordinary share for 2018. Including the interim dividend of €170 million paid in December 2018, the total payout recorded as a deduction from equity in 2019 represented €169 million.

During its meeting on 12 November 2018, the Board of Directors decided to pay an interim dividend for 2018 of €1.56 per share and this was duly paid on 5 December 2018. The interim dividend was paid on 108,756,207 shares, representing a total payout of €170 million recorded as a deduction from equity. In all, dividends paid in 2018 had a €338 million impact on equity.

Note that dividends for 2017 amounted to €341 million, including interim dividends of €173 million paid in 2017 and final dividends of €168 million paid in 2018.

The Group announced that it would not be paying any dividends in 2020 in respect of 2019. Decisions on future payouts will be taken in light of the Group's financial position, and will take account of the interests of the Company and compliance with its loan and bond agreements.

The coupon payable on deeply-subordinated perpetual bonds is as follows:

(€ millions)	2019	2018
Coupons payable on deeply-subordinated perpetual bonds (impact on equity)	**37**	**48**
of which amount paid during the year	37	36
of which amount payable in the following year	3	12
Adjustments	(2)	-
Impact on the statement of cash flows for the year	**46**	**48**
of which coupons awarded and paid during the year	37	36
of which interest awarded in the prior year and paid during the reporting year	10	12

12.10 Earnings per share

Accounting principle

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the period, excluding shares issued in payment of dividends and treasury shares. Diluted earnings per share are calculated by the treasury stock method, as follows:

- numerator: earnings for the period are adjusted for dividends on deeply-subordinated perpetual bonds;
- denominator: the basic number of shares is adjusted to include potential shares corresponding to dilutive instruments (equity warrants, stock options and free shares), less the number of shares that could be bought back at market price with the proceeds from the exercise of the dilutive instruments. The market price used for the calculation corresponds to the average share price for the year.

Equity instruments that will or may be settled in Casino, Guichard-Perrachon shares are included in the calculation only when their settlement would have a dilutive impact on earnings per share.

12.10.1 Number of shares

Diluted number of shares used for the calculation		2019	2018
Weighted average number of shares outstanding during the period			
Total ordinary shares		108,969,224	110,169,352
Ordinary shares held in treasury		(1,045,090)	(1,780,356)
Weighted average number of ordinary shares before dilution	**(1)**	**107,924,134**	**108,388,996**
Potential shares represented by:			
Stock options		-	-
Non-dilutive instruments (out of the money or covered by calls)		-	-
Weighted average number of dilutive instruments		**-**	**-**
Theoretical number of shares purchased at market price		-	-
Dilutive effect of stock option plans		-	-
Free share plans		-	-
Total potential dilutive shares		-	-
Total diluted number of shares	**(2)**	**107,924,134**	**108,388,996**

12.10.2 Profit/(loss) attributable to ordinary shares

(€ millions)		2019			2018 (restated)		
		Continuing operations	Discontinued operations[(i)]	Total	Continuing operations	Discontinued operations[(i)]	Total
Net profit/(loss) attributable to owners of the parent		**(384)**	**(1,048)**	**(1,432)**	**(60)**	**(57)**	**(117)**
Dividend payable on deeply- subordinated perpetual bonds		(37)	-	(37)	(48)	-	(48)
Net profit/(loss) attributable to holders of ordinary shares	(3)	**(421)**	**(1,048)**	**(1,469)**	**(108)**	**(57)**	**(165)**
Potential dilutive effect of free share plans		-	-	-	-	-	-
Diluted net profit/(loss) attributable to holders of ordinary shares	(4)	**(421)**	**(1,048)**	**(1,469)**	**(108)**	**(57)**	**(165)**
Basic earnings/(loss) per share attributable to owners of the parent *(€)*	(3)/(1)	**(3.90)**	**(9.71)**	**(13.61)**	**(1.00)**	**(0.53)**	**(1.52)**
Diluted earnings/(loss) per share attributable to owners of the parent *(€)*	(4)/(1)	**(3.90)**	**(9.71)**	**(13.61)**	**(1.00)**	**(0.53)**	**(1.52)**

(i) Note 3.5.2.

Note 13 Other provisions

Accounting principle

A provision is recorded when the Group has a present obligation (legal or constructive) as a result of a past event, the amount of the obligation can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted when the related adjustment is material.
In accordance with the above principle, a provision is recorded for the cost of repairing equipment sold with a warranty. The provision represents the estimated cost of repairs to be performed during the warranty period, as estimated on the basis of actual costs incurred in prior years. Each year, part of the provision is reversed to offset the actual repair costs recognised in expenses.

A provision for restructuring expenses is recorded when the Group has a constructive obligation to restructure. This is the case when management has drawn up a detailed, formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to them before the period-end.

Other provisions concern specifically identified liabilities and expenses.

Contingent liabilities correspond to possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control, or present obligations whose settlement is not expected to require an outflow of resources embodying economic benefits. Contingent liabilities are not recognised in the statement of financial position but are disclosed in the Notes to the financial statements.

13.1 Breakdown of provisions and movements

(€ millions)	1 January 2019 (restated)	Additions 2019	Reversals (used) 2019	Reversals (not used) 2019	Changes in scope of consolidation	Effect of movements in exchange rates	Other	31 December 2019
Claims and litigation	484	105	(52)	(69)	5	(9)	(20)	**444**
Other risks and expenses	104	50	(19)	(22)	49	-	(45)	**117**
Restructuring	53	61	(53)	(6)	7	-	(12)	**50**
Total provisions	**641**	**216**	**(125)**	**(97)**	**61**	**(9)**	**(76)**	**611**
of which non-current	*481*	*97*	*(50)*	*(59)*	*52*	*(9)*	*(53)*	***458***
of which current	*160*	*119*	*(74)*	*(38)*	*9*	*-*	*(23)*	***153***

Provisions for claims and litigation, and for other risks and expenses are composed of a wide variety of provisions for employee-related disputes (before a labour court), property disputes (concerning construction or refurbishment work, rents, tenant evictions, etc.), tax disputes and business claims (trademark infringement, etc.) or indirect taxation disputes.

Provisions for claims and litigation amount to €444 million and include €411 million for GPA (Note 13.2). Of this amount, additions to provisions, reversals of used provisions and reversals of surplus provisions, respectively, amounted to €86 million, a negative €29 million and a negative €73 million.

13.2 Breakdown of GPA provisions for claims and litigation

(€ millions)	PIS/COFINS/CPMF disputes[i]	Other tax disputes[ii]	Employee disputes	Civil litigation	Total
31 December 2019	**13**	**302**	**68**	**28**	**411**
31 December 2018 (excluding Via Varejo)	31	316	65	26	**439**

(i) VAT and similar taxes.
(ii) Indirect taxes (mainly ICMS tax on sales and services in Brazil).

In the context of the litigation disclosed above and below in Note 13.3, GPA is contesting the payment of certain taxes, contributions and payroll obligations. The bonds posted by GPA pending final rulings from the administrative courts on these various disputes are included in "Other non-current assets" (Note 6.9). GPA has also provided various guarantees in addition to these bonds, reported as off-balance sheet commitments (Note 6.11).

(€ millions)	2019			2018		
	Bonds posted by GPA[(i)]	Assets pledged as collateral[(ii)]	Bank guarantees[(ii)]	Bonds posted by GPA[(i)]	Assets pledged as collateral[(ii)]	Bank guarantees[(ii)]
Tax disputes	**53**	**187**	**2,029**	53	189	2,033
Employee disputes	**105**	**-**	**119**	104	1	43
Civil and other litigation	**18**	**3**	**104**	17	3	97
Total	**176**	**189**	**2,252**	**175**	**192**	**2,173**

(i) See Note 6.9.
(ii) See Note 6.11.1.

13.3 Contingent assets and liabilities

In the normal course of its business, the Group is involved in a number of legal or arbitration proceedings with third parties or with the tax authorities in certain countries (mainly involving GPA – see below).

As stated in Note 3.3.5, no associates or joint ventures have any significant contingent liabilities.

▪ Arbitration between GPA and Peninsula

On 12 September 2017, GPA received a request for arbitration from Fundo de Investimento Inmobiliáro Península ("Península") in order to discuss the calculation of rental charges and other operational matters related to leasing agreements concerning stores owned by Peninsula and operated by GPA. The agreements have a duration of 20 years as from 2005 and are renewable for another 20-year period at the sole discretion of GPA. They set out the method for calculating rental charges.
Despite the discussions concerning application of the lease terms, the request for arbitration has no impact on the operation of the leased stores, which is contractually guaranteed. At this stage of the arbitration process, it is not possible to make a reasonable estimate of the related risk. Based on the opinion of its legal advisors, the Company considers as possible the risk of an unfavourable ruling by the arbitral tribunal.

▪ Proceedings brought by the DGCCRF (French competition authority) against AMC and INCAA and investigations by the French and European competition authorities

On 28 February 2017, the French Ministry of the Economy, represented by the Department of Competition Policy, Consumer Affairs and Fraud Control (DGCCRF), brought an action against Casino in the Paris Commercial Court. The case involves a series of credit notes totalling €22.2 million issued in 2013 and 2014 by 41 suppliers. The DGCCRF is seeking repayment of this sum to the suppliers concerned together with a fine of €2 million.

Also, on 11 April 2017, the common purchasing entity INCA Achats, and its parent companies Intermarché and Casino, were prosecuted for economic imbalance and abusive commercial practices that allegedly took place in 2015 against 13 multinational companies in the hygiene and fragrance industry, with a fine of €2 million.
The proceedings in both cases are still in progress. The Group considers that it complied with the applicable regulations during negotiations with the suppliers concerned by both sets of proceedings. Consequently, no provision has been set aside for these matters.
Moreover, the Group is subject to regular inquiries by the French and European competition authorities.
In early February 2017, representatives of France's Competition Authority raided the premises of Vindémia Logistique and Vindémia Group and seized certain documents concerning their consumer goods supply and distribution activities on Reunion Island.
The Competition Authority has not issued a complaint at this stage. The Group is not currently able to predict the outcome of the investigation.

At the end of February 2017, representatives of the European Commission raided the premises of Casino, Guichard-Perrachon, Achats Marchandises Casino – A.M.C. (formerly E.M.C. Distribution) and Intermarché-Casino Achats (INCA-A), in connection with an investigation into fast-moving consumer goods supply contracts, contracts for the sale of services to manufacturers of branded products and contracts for the sale of fast-moving consumer goods to consumers.

In May 2019, representatives of the European Commission conducted additional raids of the premises of the same companies (except for INCA-A, which has since ceased operations and is in the process of being liquidated).
The European Commission has not issued any complaint at this stage. Applications filed by the Casino Group to contest the legitimacy of the European Commission's series of raids are pending before the General Court of the European Union. The Group is not currently able to predict the outcome of this matter.

In June 2018, after giving notice in accordance with French law No. 2015-990 of 6 August 2015, the French Competition Authority launched an informal investigation into the creation of joint purchasing organisations in the food retailing sector.

Investigation concerns in particular the Horizon central purchasing organisation set up between Auchan, Casino, Metro and Schiever. It is still in progress.

- **GPA tax, social and civil contingent liabilities**

(€ millions)	31 December 2019	31 December 2018
INSS (employer's social security contributions)	**100**	95
IRPJ – IRRF and CSLL (corporate income taxes)	**234**	224
PIS, COFINS and CPMF (VAT and similar taxes)	**448**	447
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	**27**	34
ICMS (state VAT)	**1,355**	1,329
Civil litigation	**89**	115
Total	**2,254**	**2,244**

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. At 31 December 2019, the estimated amount was €44 million (31 December 2018: €38 million).

Moreover, Casino has given a specific guarantee to its Brazilian subsidiary concerning notifications of tax adjustments received from the tax administration, for a total amount of BRL 1,409 million at 31 December 2019 (31 December 2018: BRL 1,317 million), including penalties and interest. Under the terms of the guarantee, Casino has undertaken to indemnify GPA for 50% of any damages incurred, provided those damages are definitive. Based on the commitment given by Casino to its subsidiary, the risk exposure amounts to BRL 705 million (€156 million) 31 December 2018: (BRL 658 million, representing €148 million). As the risks of liability are only considered possible, Casino has not recognised a provision in its financial statements for this amount.

- **GPA contingent assets**

<u>Exclusion of ICMS from the PIS/COFINS tax base</u>

Since the adoption of the non-cumulative regime of PIS and COFINS tax credits, GPA has challenged the right to deduct ICMS taxes from the calculation basis for PIS and COFINS taxes. GPA's position was supported by a Brazilian federal supreme court (STF) ruling on 15 March 2017 that the ICMS tax should be excluded from the PIS and COFINS tax base.

Since the supreme court's ruling on 15 March 2017, the procedure has continued in line with the expectations of GPA and its advisors, without GPA's judgement being called into question concerning the reversal of the provisions, although the court has not yet handed down its final decision. GPA and its external legal advisors believe that this decision concerning the application method will not limit its rights under the legal proceedings brought since 2003 which are still in progress. However, an asset cannot be recognised for the tax credits until all the stages in the procedure have been completed. GPA estimates that these tax credits represent a potential asset of BRL 1,184 million (€262 million).

Note 14 Related-party transactions

Related parties are:
- parent companies (mainly Rallye, Foncière Euris, Finatis and Euris);
- entities that exercise joint control or significant influence over the Company;
- subsidiaries (Note 17);
- associates (primarily Mercialys) (Note 3.3);
- joint ventures (Note 3.3);
- members of the Board of Directors and Management Committee (Note 8.4).

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Company and its subsidiaries receive strategic advice from Euris, the ultimate holding company, under strategic advice and assistance agreements. The Company also receives other recurring services from Euris and Foncière Euris (provision of staff and premises). The expenses recorded during the year in respect of these agreements with Casino and its subsidiaries totalled €4.1 million, of which €3.5 million for strategic advisory services and €0.6 million for the provision of staff and premises.

In connection with the deployment of its dual model combining retail and commercial real estate activities, Casino and its subsidiaries are involved in a number of property development operations with Mercialys (Note 3.3.6).

Related-party transactions with individuals (Directors, corporate officers and members of their families) are not material.

Note 15 Subsequent events

- **Vesa Equity Investment**

On 20 January 2020, Vesa Equity Investment announced that it had crossed the 5%-threshold of Casino, Guichard-Perrachon's share capital to reach 5.64% of the capital.

- **Rallye safeguard plan**

On 2 March 2020, Casino, Guichard-Perrachon was informed by its lead shareholder Rallye that on 28 February, the Paris commercial court approved the safeguard plans for Rallye and its subsidiaries.

- **Covid-19**

First identified in the Asia-Pacific region, the Covid-19 epidemic has spread rapidly to the rest of the world during the first few months of 2020, prompting governments to take drastic health measures to control the spread of the virus (closure of schools, lockdowns, travel and mobility restrictions, closure of public places, etc.). These measures are having a huge economic impact in every country in which the Group operates and it is currently impossible to predict how long the measures will be in place or their ultimate impact on business and the economy. Sales have increased sharply due to panic buying and the fact that people can no longer eat in restaurants and canteens, and are eating all their meals at home. Given the uncertainty surrounding both future consumer behaviour trends and the pandemic's economic impact, it would nevertheless be premature to estimate Covid-19's financial impact on the Group at this stage.

- **Signature of an agreement with Aldi France to sell Leader Price stores and warehouses**

On 20 March 2020, the Casino Group announced it had signed a unilateral purchase agreement with Aldi France to sell 567 Leader Price stores and 3 warehouses for an enterprise value of €735 million (including an earn-out of €35 million contingent on the achievement of certain operating indicators during the transaction period). The Group remains owner of the Leader Price brand and will continue to distribute Leader Price-branded products to the Group's other banners and franchisees, particularly outside France.
The transaction is expected to be completed after consultation with employee representative bodies and is subject to approval by the French Competition Authority.

Note 16 Statutory Auditors' fees

Statutory Auditors' fees for the year ended 31 December 2019 (in € thousands)	EY	Deloitte
Statutory audit and review of the parent company and consolidated financial statements	6,162	3,261
Non-audit services	703	940
TOTAL	**6,865**	**4,201**

Services other than the statutory audit of the financial statements ("Non-audit services") by the Statutory Auditors to Casino, Guichard-Perrachon, the parent company, and to its subsidiaries, correspond mostly to procedures related to the issuance of statements and reports on agreed-upon procedures regarding data contained in the accounting records, or regarding internal control.

Note 17 Main consolidated companies

At 31 December 2019, the Casino Group comprised 1,774 consolidated companies. The main companies are listed below.

Company		31 December 2019			31 December 2018		
		% control	% interest	Consolidation method	% control	% interest	Consolidation method
Casino, Guichard-Perrachon SA				**Parent company**			**Parent company**
France – Retailing							
Achats Marchandises Casino (AMC)		100	100	FC	100	100	FC
Casino Carburants		100	100	FC	100	100	FC
Casino Services		100	100	FC	100	100	FC
Casino International		100	100	FC	100	100	FC
CD Supply Innovation		50	50	EM	50	50	EM
Distribution Casino France (DCF)		100	100	FC	100	100	FC
Distridyn		49.99	49.99	EM	49.99	49.99	EM
Easydis		100	100	FC	100	100	FC
Floréal		100	100	FC	100	100	FC
Geimex		100	100	FC	100	100	FC
Horizon Achats		44	44	EM	44	44	EM
Horizon Appels d'Offres		44	44	EM	44	44	EM
Intermarché Casino Achats (INCAA)		50	50	EM	50	50	EM
Monoprix group							
Les Galeries de la Croisette		100	100	FC	100	100	FC
Monoprix		100	100	FC	100	100	FC
Monoprix Exploitation		100	100	FC	100	100	FC
Monoprix On Line (formerly Sarenza)		100	100	FC	100	100	FC
Monop'		100	100	FC	100	100	FC
Naturalia France		100	100	FC	100	100	FC
Société Auxiliaire de Manutention Accélérée de Denrées Alimentaires "S.A.M.A.D.A."		100	100	FC	100	100	FC
Société L.R.M.D.		100	100	FC	100	100	FC
Franprix-Leader Price group							
Cofilead		100	100	FC	100	100	FC
DBMH		100	100	FC	100	100	FC
Distribution Franprix		100	100	FC	100	100	FC
Distribution Leader Price		100	100	FC	100	100	FC
Distri Sud-Ouest (DSO)		100	100	FC	100	100	FC
Franprix Holding		100	100	FC	100	100	FC
Franprix – Leader Price		100	100	FC	100	100	FC
Franprix – Leader Price Finance		100	100	FC	100	100	FC
HLP Ouest		70	70	FC	70	70	FC
Holding Ile de France 2		49	100	EM	49	49	EM
Holding Spring Expansion		49	100	EM	49	49	EM
Holdi Mag	(vii)	49	100	FC	49	49	EM
Holdev Mag		100	100	FC	49	49	EM
Gesdis	(vii)	40	100	FC	40	40	EM
Leader Price Exploitation		100	100	FC	100	100	FC
NFL Distribution		100	100	FC	100	100	FC
Parfidis		100	100	FC	100	100	FC
Pro Distribution		70	70	FC	70	70	FC
R.L.P. Invest		100	100	FC	100	100	FC
Sarjel		100	100	FC	100	100	FC
Sédifrais		100	100	FC	100	100	FC
Sofigep		100	100	FC	100	100	FC

Company		31 December 2019 % control	% interest	Consolidation method	31 December 2018 % control	% interest	Consolidation method
Codim group							
Codim 2		100	100	FC	100	100	FC
Hyper Rocade 2		100	100	FC	100	100	FC
Pacam 2		100	100	FC	100	100	FC
Poretta 2		100	100	FC	100	100	FC
Prodis 2		100	100	FC	100	100	FC
Property and Energy							
GreenYellow		73.62	73.62	FC	73.44	73.44	FC
L'immobilière Groupe Casino		100	100	FC	100	100	FC
Sudéco		100	100	FC	100	100	FC
Uranie		100	100	FC	100	100	FC
Mercialys group							
Mercialys (listed company)		**25.24**	**30.57**	**EM**	**25.27**	**39.22**	**EM**
Other businesses							
Banque du Groupe Casino		50	50	EM	50	50	EM
Casino Finance		100	100	FC	100	100	FC
Casino Finance International		100	100	FC	100	100	FC
Casino Restauration		100	100	FC	100	100	FC
Restauration Collective Casino		-	-	-	100	100	FC
Perspecteev		49	49	EM	21.8	21.8	EM
MaxIT		100	100	FC	100	100	FC
RelevanC		100	100	FC	100	100	FC
E-commerce							
Cnova N.V. group (listed company)		**99.46**	**78.91**	**FC**	**99.44**	**76.15**	**FC**
Cdiscount		100	78.98	FC	100	76.22	FC
C-Logistics		100	82.28	FC	100	76.22	FC
International – Poland							
Mayland Real Estate		100	100	FC	100	100	FC
International – Brazil							
Wilkes		100	100	FC	100	77.65	FC
GPA group (listed company)		**99.94**	**41.26**	**FC**	**99.94**	**33.09**	**FC**
Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento (FIC)	(i) (ii)	50	35.76	EM	50	41.92	EM
GPA Malls & Properties Gestão de Ativos e Serviços. Imobiliários Ltda. (GPA M&P)	(i)	100	100	FC	100	100	FC
Novasoc Comercial Ltda. (Novasoc)	(i)	100	100	FC	100	100	FC
Sendas Distribuidora S.A. (Sendas)	(i)	100	100	FC	100	100	FC
Via Varejo (listed company)	**(i)**	-	-	-	39.37	43.23	FC
Banco Investcred Unibanco S.A. (BINV)	(i) (ii) (iii) (v)	-	-	-	50	21.62	EM
Indústria de Móveis Bartira Ltda. (Bartira)	(iii) (v)	-	-	-	100	100	FC
C'nova Comercio Electronico	(iii) (v)	-	-	-	100	100	FC

		31 December 2019			31 December 2018		
Company		**% control**	**% interest**	**Consolidation method**	**% control**	**% interest**	**Consolidation method**
International – Colombia, Uruguay and Argentina							
<u>Éxito group (listed company)</u>		**96.57**	**39.84**	**FC**	**55.30**	**55.30**	**FC**
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones SA DIDETEXCO)	(iv)	97.95	97.95	FC	97.95	97.95	FC
Viva Malls Trust	(iv) (vi)	51	51	FC	51	51	FC
Viva Villavincencio Trust	(iv)	51	26.01	FC	51	26.01	FC
Barranquilla Trust	(iv)	90	45.90	FC	90	45.9	FC
Logistica y transporte de Servicios S.A.S	(iv)	100	100	FC	100	100	FC
Tuya SA	(iv)	50	50	EM	50	50	EM
Grupo Disco (Uruguay)	(iv)	75.10	62.49	FC	75.10	62.49	FC
Devoto (Uruguay)	(iv)	100	100	FC	100	100	FC
Libertad (Argentina)	(iv)	100	100	FC	100	100	FC
International – Indian Ocean							
Vindémia Distribution		100	100	FC	100	99.99	FC
Vindémia Logistique		100	100	FC	100	100	FC
BDM (Mayotte)		100	100	FC	71.44	71.44	FC
SOMAGS (Mauritius)		100	100	FC	100	100	FC
French and international holding companies							
Bergsaar BV		100	100	FC	100	100	FC
Forézienne de Participations		100	100	FC	100	100	FC
Géant Foncière BV		100	100	FC	100	100	FC
Géant Holding BV		100	100	FC	100	100	FC
Géant International BV		100	100	FC	100	100	FC
Gelase		100	39.84	FC	100	55.30	FC
Helicco		100	100	FC	100	100	FC
Intexa (listed company)		**98.91**	**97.91**	**FC**	**98.91**	**97.91**	**FC**
Marushka Holding BV		100	100	FC	100	100	FC
Quatrim		100	100	FC	-	-	-
Segisor SA		100	100	FC	100	77.65	FC
Tevir SA		100	100	FC	100	100	FC
Tonquin BV		100	100	FC	100	100	FC

(i) The percentage interests correspond to the percentages held by the GPA sub-group. As regards Via Varejo, GPA held 39.37% of the voting rights and 43.23% of the shares, including 3.86% through a total return swap (TRS) at 31 December 2018. At 31 December 2019, the Group no longer held any shares in Via Varejo further to the sale on 14 June 2019 (Note 2).

(ii) FIC and BINV finance purchases made by GPA's customers. These entities were created through a partnership between Banco Itaú Unibanco S.A ("Itaú Unibanco"), GPA, and Via Varejo. They are accounted for by the equity method as GPA exercises significant influence over their operating and financial policies. At 31 December 2018, Via Varejo's 14.24% share of FIC's net assets was classified as held for sale in accordance with IFRS 5. BINV is a Via Varejo joint venture and was classified in full as held for sale at 31 December 2018.

(iii) The percentage interests correspond to the percentages held by the Via Varejo sub-group.

(iv) The percentage interests correspond to the percentages held by the Éxito sub-group. On 27 April 2015, Éxito signed a contractual agreement, initially with a two-year term, granting it more than 75% of the Disco voting rights and exclusive control over the sub-group's strategic decisions. On 29 December 2016, the agreement was extended until 30 June 2019 and was rolled over automatically until 30 June 2021.

(v) Via Varejo's main subsidiaries and joint ventures are Cnova Comercio Electronico, BINV and Bartira. The entire sub-group was classified as held for sale in accordance with IFRS 5 at 31 December 2018.

(vi) The trust's governance is specified in the agreement between the parties. Éxito is the majority partner and FIC has rights with respect to certain Viva Malls business decisions concerning such matters as acquisitions and disposals in excess of a certain amount or the method of setting budgets and business plan targets. The agreement also states that Éxito is the sole provider of property management, administrative and marketing services for Viva Malls and that it is paid an arm's length fee for these services. A review of the substance of FIC's rights under the agreement confirms that their effect is solely to protect FIC's investment and that, consequently, Viva Malls is controlled by Éxito.

(vii) As of 31 December 2019, the Group held potential rights conferring it control.

Note 18 Standards, amendments and interpretations published but not yet mandatory

Standards, amendments and interpretations adopted by the European Union at the reporting date but not yet mandatory

The IASB has published the following standards, amendments to existing standards and interpretations, adopted by the European Union but not mandatory at 1 January 2019.

Amendments to IAS 1 and IAS 8 – *Definition of Material*

These amendments are applicable as from 1 January 2020 on a prospective basis
They amend and expand the definition of materiality in IAS 1 and IAS 8.
They also align the definition of materiality with the wording of the *IFRS Conceptual Framework*.

Amendments to References to the Conceptual Framework in IFRS Standards

These amendments are applicable as from 1 January 2020 on a prospective basis.
These amendments are designed to replace existing references to previous frameworks in various standards and interpretations, with references to the revised Conceptual Framework. The main standards and interpretations concerned are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32.

Standards and interpretations not adopted by the European Union at the reporting date

The IASB has published the following standards, amendments to standards and interpretations applicable to the Group which have not yet been adopted by the European Union:

Standard (application date for the Group subject to adoption by the EU)	Description of the standard
Amendments to IFRS 3 *Definition of a business* (1 January 2020)	These amendments will be applicable on a prospective basis They clarify the definition of a business and the application guidance for the assessment of whether an acquired set of activities and assets is a group of assets rather than a business. Under the amended definition, to be considered a business, the integrated set of activities and assets must create output in the form of goods and services delivered to customers, rather than being conducted and managed for the purpose of providing a return to investors or other owners, members or participants. In addition, an optional concentration test has been introduced to simplify the assessment of whether an integrated set of activities and assets is a group of assets and not a business.

These interpretations and amendments are not expected to have any material impact on the Group's consolidated financial statements.

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.
This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Casino, Guichard-Perrachon

Year ended 31 December 2019

Statutory auditors' report on the consolidated financial statements

DELOITTE & ASSOCIES
Tour Majunga
6 place de la Pyramide
92908 Paris-La Défense cedex
SAS au capital de € 2 188 160
572 028 041 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Casino, Guichard-Perrachon

Year ended 31 December 2019

Statutory auditors' report on the consolidated financial statements

To the General Meeting of Shareholders of Casino, Guichard-Perrachon,

Opinion

In compliance with the engagement entrusted to us by the general meeting of shareholders, we have audited the accompanying consolidated financial statements of Casino, Guichard-Perrachon for the year ended 31 December 2019. These consolidated financial statements were approved by the Board of Directors on 20 March 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

■ Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

■ **Independence**

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*.

Emphasis of Matter

We draw attention to the following matter described in Note 1.3 “Changes in accounting methods and restatement of comparative information” to the consolidated financial statements relating to the methods of application and the impacts of the first-time application of standard IFRS 16 “Leases”, the impacts of the entry into force of interpretation IFRIC 23 “Uncertainty over income tax treatments”, and the change of presentation of the costs of obtaining a contract. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

<table>
<tr><th colspan="2">Measurement of assets and liabilities held for sale and of the result of the discontinued Leader Price operations</th></tr>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td colspan="2">See Note 2 “Significant events” and Note 3.5 “Assets held for sale and discontinued operations” to the consolidated financial statements</td></tr>
<tr><td>As at 31 December 2019, the Leader Price assets and liabilities held for sale amount to 1,362 and 706 million euros respectively, representing net assets amounting to 656 million euros (approximately 8% of consolidated shareholders’ equity), and are measured at the lower of their net carrying amount and their fair value less costs to sell. The result of the discontinued Leader Price operations in respect of financial year 2019 is a loss of 1,047 million euros.

Taking into account the contribution represented by the Leader Price operations in the consolidated financial statements and the significance of Management’s estimates underlying the determination of:

(i) The Leader Price assets and liabilities to be presented as assets and liabilities held for sale, including in particular the allocation of the goodwill of the Franprix Leader Price group of cash generating units to the Leader Price operations;

(ii) The fair value less costs to sell used by the Group’s Management for the net assets attributable to the Leader Price operations within the context of the sale process in progress and the proposed conditions. The fair value used led the Group to recognize impairment in the amount of 704 million euros for financial year 2019,

we considered the measurement of the Leader Price net assets held for sale and the result of the corresponding discontinued operations to be a key audit matter.</td><td>Within the scope of our audit:

- We gained an understanding of the method of allocation of the Franprix Leader Price goodwill to the activities of Franprix, Leader Price and Geimex, which is based on the relative values of each of these activities, and we assessed the compliance of this method with IAS 36. We assessed the bases on which these relative values were established and verified the arithmetical accuracy of the calculations made;

- We analyzed the conditions of allocation of other assets and liabilities and the result of the Franprix Leader Price operations to the Leader Price activities, as well as the underlying agreements used by Management to perform certain allocations, in particular those concerning the shared services between Franprix and Leader Price;

- We assessed Management’s estimates necessary for determining the fair value less expected costs to sell based on i) the information available at this stage of the sale process and ii) the conditions envisaged by Management, together with the buyer, for the implementation of the sale;

- We verified the methodology of calculation of the impairment loss.

Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.</td></tr>
</table>

<table>
<tr><td colspan="2">Impairment tests of goodwill and brands</td></tr>
<tr><td>Risk identified</td><td>Our response</td></tr>
<tr><td colspan="2">See Note 3 “Consolidation scope”, Note 10.1 “Goodwill”, Note 10.2 “Other intangible assets” and Note 10.5 “Impairment of non-current assets” to the consolidated financial statements</td></tr>
<tr><td>As at 31 December 2019, the net carrying amounts of goodwill and brands with an indefinite useful life recorded in the consolidated statement of financial position amount to 7,489 and 1,509 million euros respectively, i.e. approximately 26% of total consolidated assets.

Within the context of the valuation of these assets, the Group allocates its goodwill and brands to the groups of cash generating units (CGUs) as described in Note 10.1.1 to the consolidated financial statements for the implementation of impairment tests. In 2019, these CGUs take into account the reorganization performed by the Group in France, which led to dividing the Franprix-Leader Price group of CGUs into three groups of CGUs: Franprix, Leader Price and Geimex.

The impairment tests are performed at least once a year and whenever a trigger for impairment is identified, according to the conditions described in Notes 10.1, 10.2 and 10.5 to the consolidated financial statements.

We considered the valuation of goodwill and brands to be a key audit matter due to the following:
- Their materiality in the consolidated financial statements;

- The significance of the estimates notably used as a basis for the determination of their recoverable amount, including turnover and margin rate forecasts for these activities, the perpetual growth rates used to determine terminal value, and discount rates;

- The sensitivity of the valuation of these recoverable amounts to certain assumptions.</td><td>We assessed the compliance of the methodology implemented by Management with the accounting standards in force.

We also assessed the main estimates used, analyzing the following in particular:

- The consistency of cash flow projections with the budgets and medium-term business plans prepared by Management, as well as the consistency of the turnover and margin rates with the Group’s historical performance, in the economic context in which the Group operates;

- The methods and parameters used to determine the discount rates and perpetual growth rates applied to estimated cash flows. With the assistance of the valuation specialists included in our audit team, we recalculated these discount rates using the most recent market data available and compared the results obtained with (i) the rates used by Management and (ii) the rates observed for several players operating in the same business sector as the Group;

- The sensitivity scenarios adopted by Management, of which we verified the arithmetical accuracy.

Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements, in particular that relating to sensitivity tests.</td></tr>
</table>

<table>
<tr><th colspan="2">First-time application of IFRS 16 “Leases”</th></tr>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td colspan="2">See Note 1.3 “Changes in accounting methods and restatement of comparative information” and Note 7 “Leases” to the consolidated financial statements</td></tr>
<tr><td>The Group applies IFRS 16 “Leases” as from 1 January 2019, retrospectively for each prior period for which it presents financial information. The comparative information relating to the previous financial year has thus been restated and the cumulative effect has been recognized as at 1 January 2018.

The first-time application of the standard has led to presenting, as at 1 January 2018, right-of-use assets for a net value of 4,491 million euros and lease liabilities amounting to 4,150 million euros.

As stated in Note 7 “Leases” to the consolidated financial statements, these leases mainly concern real estate assets.

We considered the first-time application of IFRS 16, particularly to real estate assets, to be a key audit matter due to the following:
- The significance of the accounting impacts related to the first-time application of the standard to these leases in the consolidated accounts;
- The volume of the leases to be identified and analyzed within the Group, taking into account the exemptions applied by Management;
- The considerable use by Management of estimates, judgments and assumptions, especially in respect of the determination of the non-cancellable period and the discount rate to determine the value of the right-of-use assets and lease liabilities related to the real estate leases based at the date of the start of the lease on the discounted future payments.</td><td>Within the scope of our audit:
- We gained an understanding of the internal control procedures including in relation to the information system, and tested the key application and manual controls set up by Management to ensure (i) the completeness and accuracy of the contractual data relating to the leases and (ii) the correct valuation of the right-of-use assets and lease liabilities that we considered the most relevant;
- We analyzed and assessed the relevance of the main assumptions used by the Group, especially the discount rate and the lease term, in particular for leases with an extension or termination option, on which the value of the right-of-use assets and lease liabilities of the real estate is based;
- We tested the completeness of the real estate databases used, by analyzing the residual lease costs based, notably, on the exemptions offered by the standard and applied by the Group: leases with a lease term of 12 months or less and leases where the underlying asset has a low value;
- We reconciled, for a sample of leases, the information used to determine the right-of-use assets and lease liabilities with the underlying contractual documents;
- We recalculated, for a sample of leases, the value of the right-of-use assets and corresponding lease liabilities, and compared our results with those of the Group.

In addition, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.</td></tr>
</table>

<table>
<tr><td colspan="2">Compliance with bank covenants</td></tr>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td colspan="2">See Note 2 “Significant events” and Note 11.5 “Financial risk management objectives and policies” to the consolidated financial statements</td></tr>
<tr><td>Certain loan and credit line agreements, as stated in Note 11.5.4 “Liquidity risk” to the consolidated financial statements, provide for the obligation for the Group to comply with bank ratios in respect of the bank covenants as at 31 December 2019. In addition, during the 4th quarter of 2019, the Group finalized its refinancing plan, resulting in the raising of secured funding in the amount of 1.8 billion euros maturing in January 2024 and the extension of confirmed credit lines in France for 2 billion euros and a new confirmed revolving credit facility maturing in October 2023, the latter being subject to bank covenants applicable as from 31 March 2020. Any non-compliance with the bank covenants is liable to result in all or part of the debts concerned being immediately payable.

We considered compliance with the bank covenants to be a key audit matter, as any failure to comply with these ratios could have impacts on the availability of the group’s confirmed credit lines as described in the notes to the consolidated financial statements, the presentation financial liabilities as current / non-current in the consolidated financial statements and, if relevant, the continuation of the company as a going concern.</td><td>Within the scope of our audit:
- We analyzed the Group’s bond and bank documentation, including in particular the covenants, in order to understand the definition of the ratios;
- We gained an understanding of the internal control procedures relating to the monitoring of the Group’s liquidity and net financial debt, including the processes for (i) establishing cash flow forecasts, (ii) monitoring net financial debt and (iii) calculating the ratios and complying with the bank covenants;
- We verified the arithmetical accuracy of the calculation of the ratios produced by Management as at 31 December 2019.

Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements, notably the information concerning compliance with the covenants relating to the financing concerned.</td></tr>
</table>

<table>
<tr><td colspan="2">Recognition of tax credits and monitoring of contingent tax liabilities at GPA</td></tr>
<tr><td>Risk identified</td><td>Our response</td></tr>
<tr><td colspan="2">See Note 5.1 “Key indicators by reportable sector”, Note 6.8 “Other current assets”, Note 6.9.1 “Breakdown of other non-current assets” and Note 13.3 “Contingent assets and liabilities” to the consolidated financial statements</td></tr>
<tr><td>Within the scope of its retail activities at GPA, the Group recognizes ICMS tax credits. The balance of the credits recognized amounts to 580 million euros as at 31 December 2019. These tax credits were recognized insofar as GPA considers their recoverability to be probable.

In addition, as described in Note 13.3 to the consolidated financial statements, the Group estimates contingent PIS and COFINS tax credits related to the exclusion of ICMS from the calculation basis of these two taxes to amount to 262 million euros.

GPA is also involved in various administrative and legal proceedings in Brazil arising, notably, from tax claims filed by the Brazilian tax authorities. A part of these tax risks, estimated at 2,165 million euros as at 31 December 2019, were analyzed as contingent liabilities and no provisions were recognized as at 31 December 2019, as stated in Note 13.3 to the consolidated financial statements.</td><td>We interviewed the various persons who hold responsibilities in the GPA organization to identify and gain an understanding of the tax credits and existing disputes, as well as the judgments relating thereto.

Concerning the tax credits to be received, we analyzed the following items with the assistance of the specialists in Brazilian indirect taxes included in our audit team:
- The internal control environment relating to the processes set up by Management to monitor the tax credits and ensure their recoverability, and we tested the related key controls;

- The assumptions used by Management to draw up the tax credits recovery plan;

- The documentation that evidences either the recognition of ICMS tax over the year, or the characterization of the PIS and COFINS tax credits as contingent assets.</td></tr>
</table>

Recognition of tax credits and monitoring of contingent tax liabilities at GPA (continued)	
Risk identified	*Our response*
We considered the recognition and recoverability of both the tax credits and the valuation and monitoring of contingent tax liabilities in Brazil to be key audit matters for the following reasons: (i) the significance in the accounts of the tax credit balance, the contingent asset relating to PIS and COFINS tax credits and the amount of contingent tax liabilities as at 31 December 2019, (ii) the complexity of the Brazilian tax legislation related to taxes and (iii) the use of judgements and estimates by Management in connection with the recognition of tax credits and the valuation of the contingent tax liabilities.	Concerning the contingent liabilities, with the assistance of our specialists in Brazilian taxation included in our audit team: - We gained an understanding of the internal control environment relating to the processes for the identification, monitoring and estimation of the level of risk associated with the various disputes, and we tested the related key controls; - We reconciled the list of identified disputes with the information provided by the Brazilian subsidiaries' main law firms that we contacted in order to assess the existence, completeness and amounts of the disputes; - We examined the information on the legal or technical proceedings and/or opinions provided by the law firms or external experts chosen by Management, in order to assess the correct recognition of the various disputes or their characterization as contingent liabilities; - We reconciled the risk estimates prepared by the Group with the figures relating to contingent tax liabilities disclosed in the notes to the consolidated financial statements. Finally, we assessed the appropriateness of the information disclosed in the notes to the consolidated financial statements.

Valuation of rebates to be received from suppliers at year-end	
Risk identified	***Our response***
See Note 6.2 "Cost of goods sold" and Note 6.8 "Other current assets" to the consolidated financial statements	
Within the scope of its retail activities, the Group receives rebates from its suppliers in the form of discounts and commercial cooperation fees. These rebates, generally paid on the basis of a percentage defined contractually according to purchase volumes and applied to purchases made from suppliers, are recorded as a deduction from cost of goods sold. Considering the material impact of these rebates on net profit for the year, the large number of contracts involved and the necessity for Management to estimate the final rebate percentage determined according to the volume of related purchases for each supplier, we considered the valuation of rebates to be received from suppliers at year-end to be a key audit matter.	Within the scope of our audit: - We gained an understanding of the internal control environment relating to the processes for the monitoring of these rebates in the Group's various significant subsidiaries and we carried out tests on the key controls set up by Management; - We reconciled, on a sampling basis, the contractual terms relating to rebates to be received from suppliers with their valuation; - We assessed, on a sampling basis, the estimates used by Management to determine these year-end rebates, in particular the estimation of the volumes of purchases at year-end used to determine the final rebate percentage for each supplier and the amounts of the invoices to be issued; - We reconciled the receivables recognized in the balance sheet with the amounts collected subsequent to year-end.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report, as approved on 25 March 2020. Regarding any events that occurred and facts that became known after the date of the approval of the management report, relating to the effects of the Covid-19 crisis, Management has informed us that such events and facts will be communicated to the general meeting of shareholders called to approve the financial statements.

We have no matters to report as to the fair presentation of the information contained in the management report and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information relating to the Group given in the management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained in this statement. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Casino, Guichard-Perrachon by the general meeting of shareholders held on 29 April 2010.

As at 31 December 2019, our audit firms were both in their 10th year of uninterrupted engagement. Previously, ERNST & YOUNG Audit had been statutory auditor since 1978.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 27 March 2020

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG et Autres
Frédéric Moulin Patrice Choquet	Yvon Salaün Alexis Hurtrel

CASINO, GUICHARD-PERRACHON

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2018

CONTENTS

FINANCIAL STATEMENTS

Consolidated income statement

(€ millions)	Notes	2018	2017 (restated)[i]
CONTINUING OPERATIONS			
Net sales	5/6.1	**36,604**	37,490
Other revenue	6.1	**532**	555
Total revenue	**6.1**	**37,136**	**38,045**
Cost of goods sold	6.2	**(27,831)**	(28,555)
Gross margin	**5.1**	**9,305**	**9,490**
Selling expenses	6.3	**(6,679)**	(6,902)
General and administrative expenses	6.3	**(1,416)**	(1,376)
Trading profit	**5.1**	**1,209**	**1,213**
As a % of net sales		***3.3%***	*3.2%*
Other operating income	6.5	**423**	185
Other operating expenses	6.5	**(798)**	(666)
Operating profit		**834**	**732**
As a % of net sales		***2.3%***	*2.0%*
Income from cash and cash equivalents	11.3.1	**37**	81
Finance costs	11.3.1	**(364)**	(449)
Net finance costs	**11.3.1**	**(327)**	**(367)**
Other financial income	11.3.2	**122**	161
Other financial expenses	11.3.2	**(260)**	(239)
Profit before tax		**369**	**286**
As a % of net sales		***1.0%***	*0.8%*
Income tax (expense)/benefit	9.1	**(204)**	(48)
Share of profit of equity-accounted investees	3.3.3	**17**	13
Net profit/(loss) from continuing operations		**182**	**251**
As a % of net sales		***0.5%***	*0.7%*
Attributable to owners of the parent		**(45)**	108
Attributable to non-controlling interests		**227**	143
DISCONTINUED OPERATIONS			
Net profit/(loss) from discontinued operations	**3.5.2**	**(21)**	**47**
Attributable to owners of the parent	3.5.2	**(9)**	(7)
Attributable to non-controlling interests	3.5.2	**(11)**	54
CONTINUING AND DISCONTINUED OPERATIONS			
Consolidated net profit/(loss)		**161**	**298**
Attributable to owners of the parent		**(54)**	101
Attributable to non-controlling interests	12.8	**215**	198

Earnings per share

(€)	Notes	2018	2017 (restated)[i]
From continuing operations, attributable to owners of the parent	**12.10.2**		
▪ Basic		**(0.86)**	0.52
▪ Diluted		**(0.86)**	0.52
From continuing and discontinued operations, attributable to owners of the parent	**12.10.2**		
▪ Basic		**(0.95)**	0.46
▪ Diluted		**(0.95)**	0.46

(i) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3).

Consolidated statement of comprehensive income

(€ millions)	2018	2017 (restated)(i)
Consolidated net profit/(loss)	**161**	**298**
Items that may subsequently be reclassified to profit or loss	**(791)**	**(1,303)**
Cash flow hedges and cash flow hedge reserve(i)	**19**	(40)
Foreign currency translation adjustments(iii)	**(796)**	(1,259)
Available-for-sale financial assets	**-**	(1)
Debt instruments at fair value through other comprehensive income (OCI)	**2**	-
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	**(10)**	(15)
Income tax effects	**(6)**	13
Items that will never be reclassified to profit or loss	**(13)**	**(32)**
Equity instruments at fair value through other comprehensive income	**(2)**	-
Actuarial gains and losses	**(15)**	(40)
Share of items of equity-accounted investees that will never be subsequently reclassified to profit or loss	**(2)**	-
Income tax effects	**6**	9
Other comprehensive income/(loss) for the year, net of tax	**(804)**	**(1,335)**
Total comprehensive income/(loss) for the year, net of tax	**(643)**	**(1,037)**
Attributable to owners of the parent	***(392)***	*(525)*
Attributable to non-controlling interests	***(251)***	*(512)*

(i) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3).
(ii) The change in the cash flow hedge reserve in 2018 was not material.
(iii) The €796 million negative net translation adjustment in 2018 arose primarily from the depreciation of the Brazilian and Colombian currencies (€693 million and €46 million, respectively). The €1,259 million negative net translation adjustment in 2017 mainly concerned the depreciation of the Brazilian and Colombian currencies, for €1,116 million and €89 million, respectively.

Changes in other comprehensive income are presented in Note 12.7.2.

Consolidated statement of financial position

ASSETS (€ millions)	Notes	31 December 2018	31 December 2017 (restated)(i)	1 January 2017 (restated)(i)
Goodwill	10.1	**8,690**	9,031	9,595
Intangible assets	10.2	**2,906**	2,879	3,109
Property, plant and equipment	10.3	**5,878**	7,289	8,123
Investment property	10.4	**497**	460	411
Investments in equity-accounted investees	3.3.3	**500**	575	609
Other non-current assets	6.9	**1,275**	1,199	1,075
Deferred tax assets	9.2.1	**553**	522	678
Total non-current assets		**20,299**	**21,955**	**23,599**
Inventories	6.6	**3,843**	3,815	3,939
Trade receivables	6.7	**905**	937	886
Other current assets	6.8	**1,437**	1,287	1,543
Current tax assets		**165**	138	130
Cash and cash equivalents	11.1	**3,730**	3,391	5,750
Assets held for sale	3.5.1	**7,061**	6,593	6,120
Total current assets		**17,141**	**16,161**	**18,368**
TOTAL ASSETS		**37,440**	**38,116**	**41,967**

EQUITY AND LIABILITIES (€ millions)	Notes	31 December 2018	31 December 2017 (restated)(i)	1 January 2017 (restated)(i)
Share capital	12.2	**168**	170	170
Additional paid-in capital, treasury shares, retained earnings and consolidated net profit/(loss)		**6,563**	7,385	8,272
Equity attributable to owners of the parent		**6,731**	**7,555**	**8,441**
Non-controlling interests	**12.8**	**5,288**	**5,468**	**5,986**
Total equity	**12**	**12,019**	**13,023**	**14,427**
Non-current provisions for employee benefits	8.2	**366**	358	312
Other non-current provisions	13.1	**483**	514	615
Non-current financial liabilities	11.2	**6,817**	7,229	7,733
Non-current put options granted to owners of non-controlling interests	3.4.1	**63**	28	41
Other non-current liabilities	6.10	**472**	489	627
Deferred tax liabilities	9.2.2	**636**	725	1,094
Total non-current liabilities		**8,837**	**9,343**	**10,422**
Current provisions for employee benefits	8.2	**11**	11	12
Other current provisions	13.1	**154**	162	163
Trade payables		**6,688**	6,664	6,936
Current financial liabilities	11.2	**2,211**	1,493	2,482
Current put options granted to owners of non-controlling interests	3.4.1	**126**	143	341
Current tax liabilities		**124**	88	54
Other current liabilities	6.10	**2,643**	2,509	2,727
Liabilities associated with assets held for sale	3.5.1	**4,628**	4,680	4,404
Total current liabilities		**16,584**	**15,750**	**17,118**
TOTAL EQUITY AND LIABILITIES		**37,440**	**38,116**	**41,967**

(i) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3).

Consolidated statement of cash flows

(€ millions)	Notes	2018	2017 (restated)(i)
Profit before tax from continuing operations		**369**	**286**
Profit/(loss) before tax from discontinued operations	3.5.2	**(46)**	74
Consolidated profit before tax		**323**	**360**
Depreciation and amortisation expense	6.4	**656**	688
Provision expense	4.1	**221**	51
Losses/(gains) arising from changes in fair value	11.3.2	**45**	(47)
Expenses/(income) on share-based payment plans	8.3.1	**21**	18
Other non-cash items		**60**	(47)
(Gains)/losses on disposals of non-current assets	4.4	**(231)**	11
(Gains)/losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		**(29)**	29
Dividends received from equity-accounted investees	3.3.1 / 3.3.2	**55**	101
Net finance costs	11.3.1	**327**	367
Non-recourse factoring and associated transaction costs	11.3.2	**81**	83
Gain on disposal of discontinued operations	3.5.2	**-**	-
Adjustments related to discontinued operations	3.5.3	**131**	387
Net cash from operating activities before change in working capital, net finance costs and income tax		**1,659**	**2,002**
Income tax paid		**(241)**	(114)
Change in operating working capital	4.2	**(192)**	(303)
Income tax paid and change in operating working capital: discontinued operations	3.5.3	**266**	(78)
Net cash from operating activities		**1,492**	**1,506**
Of which continuing operations		***1,141***	***1,123***
Cash outflows related to acquisitions of:			
▪ Property, plant and equipment, intangible assets and investment property	4.3	**(1,185)**	(1,247)
▪ Non-current financial assets		**(53)**	(39)
Cash inflows related to disposals of:			
▪ Property, plant and equipment, intangible assets and investment property	4.4	**1,241**	303
▪ Non-current financial assets		**31**	12
Effect of changes in scope of consolidation resulting in acquisition or loss of control	4.5	**(95)**	(69)
Effect of changes in scope of consolidation related to equity-accounted investees	4.6	**170**	(17)
Change in loans and advances granted		**(21)**	(47)
Net cash from/(used in) investing activities of discontinued operations	3.5.3	**(119)**	(97)
Net cash used in investing activities		**(30)**	**(1,202)**
Of which continuing operations		***89***	***(1,105)***
Dividends paid:			
▪ To owners of the parent	12.9	**(338)**	(346)
▪ To non-controlling interests	4.7	**(104)**	(52)
▪ To holders of deeply subordinated perpetual bonds	12.9	**(48)**	(47)
Increase/(decrease) in the parent's share capital		**-**	-
Transactions between the Group and owners of non-controlling interests	4.8	**232**	(117)
(Purchases)/sales of treasury shares	12.4	**(103)**	(11)
Additions to borrowings	4.9	**1,542**	1,589
Repayments of borrowings	4.9	**(1,346)**	(2,534)
Interest paid, net	4.10	**(424)**	(505)
Net cash used in financing activities of discontinued operations	3.5.3	**(167)**	(451)
Net cash used in financing activities		**(756)**	**(2,473)**
Of which continuing operations		***(588)***	***(2,022)***
Effect of changes in exchange rates on cash and cash equivalents of continuing operations		**(232)**	(333)
Effect of changes in exchange rates on cash and cash equivalents of discontinued operations		**(96)**	(148)
Change in cash and cash equivalents	**4.9**	**377**	**(2,651)**
Net cash and cash equivalents at beginning of period		**4,137**	**6,787**
• Of which net cash and cash equivalents of continuing operations	11.1	**3,236**	5,614
• Of which net cash and cash equivalents of discontinued operations		**901**	1,174
• **Net cash and cash equivalents at end of period**		**4,514**	**4,137**
• Of which net cash and cash equivalents of continuing operations	11.1	**3,592**	3,236
• Of which net cash and cash equivalents of discontinued operations		**922**	901

(i) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3).

Consolidated statement of changes in equity

(€ millions) (before appropriation of profit)	Share capital	Additional paid-in capital(i)	Treasury shares	Deeply-subordinated perpetual bonds (TSSDI)	Retained earnings and profit for the year	Other reserves(ii)
As at 1 January 2017 (reported)	**170**	**3,992**	**(5)**	**1,350**	**4,412**	**(1,469)**
Effects of applying IFRS 15 (Note 1.3)	-	-	-	-	(9)	-
As at 1 January 2017 (restated)(*)	**170**	**3,992**	**(5)**	**1,350**	**4,403**	**(1,469)**
Other comprehensive income/(loss) for the year (restated)(*)	-	-	-	-	-	(626)
Net profit/(loss) for the year (restated)(*)	-	-	-	-	101	-
Consolidated comprehensive income/(loss) for the year (restated)(*)	**-**	**-**	**-**	**-**	**101**	**(626)**
Issue of share capital	-	-	-	-	-	-
Purchases and sales of treasury shares	-	-	-	-	(7)	-
Dividends paid/payable to shareholders(vi)	-	-	-	-	(346)	-
Dividends paid/payable to holders of deeply-subordinated perpetual bonds(vi)	-	-	-	-	(50)	-
Share-based payments	-	-	-	-	12	-
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(vii)	-	-	-	-	31	(1)
Other movements	-	-	-	-	(1)	-
As at 31 December 2017 (restated)(*)	**170**	**3,992**	**(5)**	**1,350**	**4,144**	**(2,096)**
Effect of applying IFRS 9, IAS 29 and amendments to IFRS 2 (Note 1.3)	-	-	-	-	32	(17)
As at 1 January 2018	**170**	**3,992**	**(5)**	**1,350**	**4,177**	**(2,114)**
Other comprehensive income/(loss) for the year	-	-	-	-	-	(338)
Net profit/(loss) for the year	-	-	-	-	(54)	-
Consolidated comprehensive income/(loss) for the year	-	-	-	-	(54)	(338)
Issue of share capital	-	-	-	-	-	-
Purchases and sales of treasury shares(v)	(2)	(53)	(28)	-	(17)	-
Dividends paid/payable to shareholders(vi)	-	-	-	-	(338)	-
Dividends paid/payable to holders of deeply subordinated perpetual bonds(vi)	-	-	-	-	(48)	-
Share-based payments	-	-	-	-	8	-
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(vii)	-	-	-	-	31	-
Other movements	-	-	-	-	-	-
As at 31 December 2018	**168**	**3,939**	**(33)**	**1,350**	**3,759**	**(2,452)**

(*) Previously published comparative information has been restated to reflect the retrospective application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3).
(i) Additional paid-in capital includes (a) premiums on shares issued for cash or for contributions in kind, or in connection with mergers or acquisitions, and (b) legal reserves.
(ii) See Note 12.6.
(iii) Attributable to the shareholders of Casino, Guichard-Perrachon.
(iv) See Note 12.8.
(v) See Note 12.4 for information about treasury share transactions.
(vi) See Note 12.9 for dividends paid and payable to holders of ordinary shares and deeply-subordinated perpetual bonds. Dividends paid and payable to non-controlling interests during the year primarily concern G Éxito for €19 million (2017: GPA for €31 million, Éxito for €15 million and subsidiaries in Uruguay for €8 million).
(vii) The €206 million positive impact corresponds for the most part to (a) the acquisition by Tikehau Capital and Bpifrance of shares in GreenYellow for €142 million (Note 2) and (b) the additional contribu Inmobiliaro Colombia to the Viva Malls real estate trust created by Éxito in 2016. In 2017, the €84 million positive impact primarily concerned (a) the additional contribution of €80 million made by the private ec estate trust and (b) the results of the public tender offer for Cnova N.V. shares, in the amount of €22 million, offset by the €15 million negative fair value adjustment to the NCI put on Disco shares.

CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF NOTES TO THE FINANCIAL STATEMENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ABOUT THE CASINO, GUICHARD-PERRACHON GROUP

Casino, Guichard-Perrachon ("the Company") is a French *société anonyme* listed in compartment A of Euronext Paris. The Company and its subsidiaries are hereinafter referred to as "the Group" or "the Casino Group". The Company's registered office is at 1, cours Antoine Guichard, 42008 Saint-Étienne, France.

The consolidated financial statements for the year ended 31 December 2018 reflect the accounting situation of the Company and its subsidiaries, as well as the Group's interests in associates and joint ventures.

The 2018 consolidated financial statements of Casino, Guichard-Perrachon were approved for publication by the Board of Directors on 13 March 2019.

Note 1 Significant accounting policies

1.1 Accounting standards

Pursuant to European Commission regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Casino 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 as of the date of approval of the financial statements by the Board of Directors and applicable at 31 December 2018.

These standards are available on the European Commission's website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

The accounting policies set out below have been applied consistently in all periods presented, after taking account of the new standards, amendments to existing standards and interpretations listed below, and the application of IAS 29 to Libertad as from 1 January 2018 following the classification of Argentina as a hyperinflationary economy (Note 1.3.3).

Standards, amendments to standards, and interpretations adopted by the European Union and mandatory for financial years beginning on or after 1 January 2018

The European Union has adopted the following standards, amendments and interpretations which must be applied by the Group for its financial year beginning on 1 January 2018:
- IFRS 9 – *Financial Instruments*
- IFRS 15 – *Revenue from Contracts with Customers*
- Amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions*

The effects of applying IFRS 15 and IFRS 9 and the amendments to IFRS 2 are presented in Note 1.3.

The following texts have no material impact on the Group's financial statements:
- *IFRIC 22 – Foreign Currency Transactions and Advance Consideration*

This interpretation is applicable either retrospectively or prospectively. IFRIC 22 provides guidance on interpreting IAS 21 – *The Effects of Changes in Foreign Exchange Rates*. It clarifies the exchange rate to be used for advance consideration.
- *Amendments to IAS 40 – Transfers of Investment Property*

These amendments are applicable on a prospective basis. They provide guidance on transfers to or from investment property. They also clarify that the list of evidence of a change of use is a non-exhaustive list of examples.
- *IFRS Annual Improvements – 2014-2016 cycle*

The main standard concerned is IFRS 12 – *Disclosure of Interests in Other Entities*. These amendments are applicable on a retrospective basis. They clarify that IFRS 12 also applies to interests in subsidiaries, joint arrangements and associates classified as "held for sale" in accordance with IFRS 5 (except for the requirement to disclose summary financial information which does not have to be applied).

1.2 Basis of preparation and presentation of the consolidated financial statements

1.2.1 Basis of measurement

The consolidated financial statements have been prepared using the historical cost convention, with the exception of the following:

- assets and liabilities acquired in a business combination, which are measured at fair value in accordance with IFRS 3;
- derivative financial instruments and financial assets, which are measured at fair value. The carrying amounts of assets and liabilities hedged by a fair value hedge which would otherwise be measured at cost are adjusted for changes in fair value attributable to the hedged risk.

The consolidated financial statements are presented in millions of euros. The figures in the tables have been rounded to the nearest million euros and include individually rounded data. Consequently, the totals and sub-totals shown may not correspond exactly to the sum of the reported amounts.

1.2.2 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 Via Varejo's net assets, assets within France Retail segment and Mercialys shares in accordance with IFRS 5 (Note 3.5);
- valuation of non-current assets and goodwill (Note 10.5);
- recoverable amounts of deferred tax assets (Note 9);
- recognition, presentation and measurement of the recoverable amounts of tax credits or taxes (mainly ICMS, PIS and COFINS in Brazil) (Notes 5.1, 6.9 and 13);
- provisions for risks (Note 13), particularly tax and employee-related risks in Brazil.

1.3 Changes in accounting methods

1.3.1 Impact of first-time adoption of IFRS 15 – *Revenue from Contracts with Customers*

IFRS 15 defines the principles for recognising revenue and replaces IAS 18 – *Revenue*, IAS 11 – *Construction Contracts* and all related interpretations. The standard defines a single model for recognising revenue, in five steps. It introduces new concepts and principles regarding the recognition of revenue, in particular the identification of performance obligations and the allocation of the transaction price for contracts with multiple performance obligations.

The Group has decided to apply IFRS 15 from 1 January 2018 under the full retrospective approach, by restating comparative information. In view of the nature of the Group's businesses, the application of the standard had no material impact on the revenue and trading profit previously published by the Group.

Adoption of IFRS 15 has mainly led to reclassifications between net sales, other revenue, cost of goods sold and selling expenses. This mainly concerns certain services provided to suppliers, certain promotional offers granted directly by suppliers to end-customers, agent/principal qualifications in certain contracts and the presentation of rental revenue. Retrospective application of IFRS 15 to the 2017 financial statements led to a €332 million decrease in net sales and a €30 million decrease in trading profit (including €19 million in the France Retail segment and €10 million in the E-commerce segment) compared to the previously reported amounts.

The amended accounting policy applied to revenue is presented in Note 6.

1.3.2 Impact of the first-time adoption of IFRS 9 – *Financial Instruments*

IFRS 9 defines new principles covering the classification and measurement of financial instruments, the recognition of impairment provisions for credit risk on financial assets and hedge accounting.

The Group has applied IFRS 9 as from 1 January 2018 by recording the cumulative impact in opening equity at the transition date. The main individually non-material changes resulting from the application of IFRS 9 are as follows:

- In line with the new impairment model for financial assets (including contract assets), incurred losses recorded under IAS 39 have been replaced by lifetime expected credit losses. The Group has applied the simplified model for all these assets, in particular receivables from franchisees and tenants. With respect to continuing operations excluding equity-accounted investees, application of the new model led to a €51 million increase in provisions for asset impairment and a €35 million reduction in equity, net of tax.
- Credit card receivables (Brazil) have been classified as debt instruments at fair value through other comprehensive income, resulting in a €3 million reduction in trade receivables and a €2 million reduction in equity.
- Equity instruments previously classified as "Available-for-sale financial assets" have been reclassified mainly as equity instruments at fair value through profit or loss.
- Bond swaps have been restated, leading to a €19 million increase in debt and a €15 million reduction in equity, net of tax.
- With respect to equity-accounted investees (Mercialys, Banque du Groupe Casino and FIC), an €11 million reduction in equity, net of tax was recognised against equity-accounted investees, mainly due to the application of the new impairment model for financial assets.
- With respect to Via Varejo's discontinued operations, a €47 million reduction in equity, net of tax was recognised against assets held for sale, as a result of the application of the new impairment model for consumer finance receivables and to the classification of credit card receivables as debt instruments at fair value through other comprehensive income.

The table below shows the original measurement categories under IAS 39 and the new categories used as from 1 January 2018 under IFRS 9 for each class of financial assets. The financial liability categories are unchanged and are therefore not presented.

(€ millions)	Original classification (IAS 39)	New classification (IFRS 9)	Original carrying amount as at 31 December 2017 (IAS 39)(i)	New carrying amount as at 1 January 2018 (IFRS 9)
Equity instruments	Available-for-sale – at cost	**Fair value through profit or loss**	4	**4**
Equity instruments	Available-for-sale – at fair value	**Fair value through profit or loss**	32	**32**
Cash and cash equivalents	Held-for-trading financial assets	**Fair value through profit or loss**	4	**4**
Cash and cash equivalents	Loans and receivables	**Amortised cost**	3,386	**3,386**
Hedging derivative assets	Hedging instruments	**Fair value – hedging instruments**	98	**98**
Credit card receivables (Brazil)	Loans and receivables	**Debt instruments at fair value through other comprehensive income**	119(ii)	**116**(ii)
Trade receivables and other current and non-current assets	Loans and receivables	**Amortised cost**	2,170	**2,119**

(i) The original carrying amounts as at 31 December 2017 are presented in Note 11.4.1.
(ii) The original carrying amount and the new carrying amount under IFRS 9 of Via Varejo's debt instruments (reclassified as "Assets held for sale" and not included in the table above) represent €421 million and €405 million, respectively.

The new accounting principles applicable to financial instruments are presented in Note 11.

1.3.3 Impact on the consolidated financial statements

The following tables show the impact on the previously published consolidated income statement, statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows resulting from:

- the first-time application of IFRS 15 – *Revenue from Contracts with Customers* (Note 1.3.1);
- application of IFRS 9 – *Financial Instruments* from 1 January 2018 (Note 1.3.2); as permitted by the standard, the Group has opted not to restate comparative information.
- prospective application of the amendments to IFRS 2 – *Share-based Payment*: the impact consists in the reclassification in non-controlling interests at 1 January 2018 of a €5 million debt corresponding to withholding taxes due on stock option plans in Brazil;
- limited retrospective application at 1 January 2018 (cumulative catch-up without restating 2017) of IAS 29 – *Financial Reporting in Hyperinflationary Economies* in Argentina. IAS 29 requires that the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies should be (i) restated by applying a general price index so that they are stated in terms of the measuring unit current at the end of the reporting period, and (ii) converted into euros at the period-end exchange rate.

Moreover, certain changes have been made to the presentation of the consolidated income statement in connection with the application of IFRS 15. These changes concern (i) the addition of a new indicator, "Total revenue", representing the sum of "Net sales" and "Other revenue", (ii) the reclassification of the cost of property development and property trading activities and changes in related inventories from "Selling expenses" to "Cost of goods sold", and (iii) reclassifications between "Net sales" and "Other revenue" of various items including:

- rental revenues, which are now reported under "Other revenue";
- franchising and service fees billed to franchisees, which are now reported under "Net sales".

The new presentation has been applied retrospectively, by restating 2017 comparative information on the same basis.

Impact on the main consolidated income statement indicators of retrospective application of IFRS 15

(€ millions)	31 December 2017 (reported)	IFRS 15 adjustments	31 December 2017 (restated)
Net sales	37,822	(332)	37,490
Other revenue	414	141	555
Total revenue	**38,236**	**(192)**	**38,045**
Cost of goods sold	(28,694)	140	(28,555)
Selling expenses	(6,942)	41	(6,902)
General and administrative expenses	(1,357)	(19)	(1,376)
Trading profit	**1,242**	**(30)**	**1,213**
Operating profit	762	(30)	732
Net finance costs	(367)	-	(367)
Other financial income and expenses	(78)	-	(78)
Profit before tax	**316**	**(30)**	**286**
Income tax (expense)/benefit	(56)	8	(48)
Share of profit of equity-accounted investees	13	-	13
Net profit/(loss) from continuing operations	**273**	**(22)**	**251**
Attributable to owners of the parent	*127*	*(19)*	*108*
Attributable to non-controlling interests	*146*	*(2)*	*143*
Net profit/(loss) from discontinued operations	**47**	**-**	**47**
Attributable to owners of the parent	*(7)*	-	*(7)*
Attributable to non-controlling interests	*54*	-	*54*
Consolidated net profit/(loss)	**320**	**(22)**	**298**
Attributable to owners of the parent	*120*	*(19)*	*101*
Attributable to non-controlling interests	*200*	*(2)*	*198*

No impact on the consolidated statement of comprehensive income aside from the impact on the consolidated income statement referred to above.

Impact on the main consolidated statement of financial position indicators

Impact of first-time application of IFRS 15 at 1 January 2017

(€ millions)	1 January 2017 (reported)	IFRS 15 adjustments	1 January 2017 (restated)
Goodwill	9,595	-	**9,595**
Intangible assets, property, plant and equipment, and investment property	11,642	-	**11,642**
Investments in equity-accounted investees	625	(16)	**609**
Other non-current assets	1,080	(6)	**1,075**
Deferred tax assets	687	(9)	**678**
Total non-current assets	**23,629**	**(30)**	**23,599**
Inventories	3,990	(51)	**3,939**
Trade receivables	880	6	**886**
Other current assets	1,542	1	**1,543**
Current tax assets	130	-	**130**
Cash and cash equivalents	5,750	-	**5,750**
Assets held for sale	6,120	-	**6,120**
Total current assets	**18,412**	**(44)**	**18,368**
Total assets	**42,042**	**(74)**	**41,967**
Equity attributable to owners of the parent	8,450	(9)	**8,441**
Non-controlling interests	5,990	(4)	**5,986**
Total equity	**14,440**	**(12)**	**14,427**
Non-current provisions for employee benefits	312	-	**312**
Other non-current provisions	615	-	**615**
Non-current financial liabilities	7,733	-	**7,733**
Non-current put options granted to owners of non-controlling interests	41	-	**41**
Other non-current liabilities	618	9	**627**
Deferred tax liabilities	1,094	-	**1,094**
Total non-current liabilities	**10,413**	**9**	**10,422**
Current provisions for employee benefits	12	-	**12**
Other current provisions	163	-	**163**
Trade payables	6,939	(3)	**6,936**
Current financial liabilities	2,482	-	**2,482**
Current put options granted to owners of non-controlling interests	341	-	**341**
Current tax liabilities	54	-	**54**
Other current liabilities	2,795	(67)	**2,727**
Liabilities associated with assets held for sale	4,404	-	**4,404**
Total current liabilities	**17,189**	**(71)**	**17,118**
Total equity and liabilities	**42,042**	**(74)**	**41,967**

Impact of retrospective application of IFRS 15 at 31 December 2017, and impact of first-time application of IFRS 9 and IAS 29 and the amendments to IFRS 2 at 31 December 2018

(€ millions)	31 December 2017 (reported)	IFRS 15 adjustments	31 December 2017 (restated)	IFRS 9 adjustments	IAS 29 and IFRS 2 adjustments (i)	1 January 2018 (restated)
Goodwill	9,031	-	**9,031**	-	61	**9,092**
Intangible assets, property, plant and equipment, and investment property	10,629	-	**10,629**	-	104	**10,732**
Investments in equity-accounted investees	587	(13)	**575**	(11)	-	**563**
Other non-current assets	1,220	(21)	**1,199**	-	-	**1,199**
Deferred tax assets	523	(1)	**522**	23	(22)	**523**
Total non-current assets	**21,990**	**(35)**	**21,955**	**12**	**142**	**22,110**
Inventories	3,871	(57)	**3,815**	-	-	**3,815**
Trade receivables	946	(9)	**937**	(49)	-	**888**
Other current assets	1,272	15	**1,287**	(5)	-	**1,282**
Current tax assets	138	-	**138**	-	-	**138**
Cash and cash equivalents	3,391	-	**3,391**	-	-	**3,391**
Assets held for sale	6,593	-	**6,593**	(47)	4	**6,551**
Total current assets	**16,212**	**(51)**	**16,161**	**(101)**	**4**	**16,064**
Total assets	**38,202**	**(86)**	**38,116**	**(89)**	**146**	**38,174**
Equity attributable to owners of the parent	7,584	(29)	**7,555**	(66)	81	**7,570**
Non-controlling interests	5,473	(5)	**5,468**	(46)	71	**5,493**
Total equity	**13,057**	**(34)**	**13,023**	**(112)**	**152**	**13,063**
Non-current provisions for employee benefits	358	-	**358**	-	-	**358**
Other non-current provisions	514	-	**514**	-	-	**514**
Non-current financial liabilities	7,229	-	**7,229**	19	-	**7,249**
Non-current put options granted to owners of non-controlling interests	28	-	**28**	-	-	**28**
Other non-current liabilities	481	8	**489**	-	(3)	**486**
Deferred tax liabilities	725	-	**725**	-	-	**725**
Total non-current liabilities	**9,335**	**8**	**9,343**	**19**	**(3)**	**9,360**
Current provisions for employee benefits	11	-	**11**	-	-	**11**
Other current provisions	162	-	**162**	-	-	**162**
Trade payables	6,649	15	**6,664**	-	-	**6,664**
Current financial liabilities	1,493	-	**1,493**	-	-	**1,493**
Current put options granted to owners of non-controlling interests	143	-	**143**	-	-	**143**
Current tax liabilities	88	-	**88**	-	-	**88**
Other current liabilities	2,584	(74)	**2,509**	4		**2,513**
Liabilities associated with assets held for sale	4,680	-	**4,680**	-	(2)	**4,678**
Total current liabilities	**15,809**	**(60)**	**15,750**	**4**	**(2)**	**15,751**
Total equity and liabilities	**38,202**	**(86)**	**38,116**	**(89)**	**146**	**38,174**

(i) These impacts arise mainly from the application of IAS 29; impacts related to IFRS 2 are limited to the reclassification in non-controlling interests of a €5 million debt.

Impact on the main consolidated statement of cash flows indicators

(€ millions)	31 December 2017 (reported)	IFRS 15 adjustments	31 December 2017 (restated)
Net cash from operating activities	**1,506**	**-**	**1,506**
Of which consolidated profit/(loss) before tax	*390*	*(30)*	360
Of which cther components of cash flow	*1,645*	(3)	1,641
Of which change in operating working capital and income tax paid	*(528)*	33	(495)
Net cash used in investing activities	**(1,203)**	**-**	**(1,202)**
Net cash used in financing activities	**(2,473)**	**-**	**(2,473)**
Effect of changes in exchange rates on cash and cash equivalents	(481)	-	(481)
Change in cash and cash equivalents	**(2,651)**	**-**	**(2,651)**
Net cash and cash equivalents at beginning of period	6,787	-	6,787
Net cash and cash equivalents at end of period	4,137	-	4,137

Note 2 Significant events of the year

Significant events of the year are the following:

- **Planned disposal of Via Varejo**

On 23 November 2016, the Group announced that it had approved GPA's decision to start negotiations for the sale of its stake in its subsidiary Via Varejo, in line with its long-term strategic refocusing on the food retailing business.
Throughout 2018, GPA actively sought to sell the company to strategic investors. However, due to external factors that were beyond GPA's control, related mainly to the macro-economic environment in Brazil, no potential buyer had been found as of 31 December 2018. While continuing the process of seeking out potential buyers, on 21 December 2018, GPA's Board of Directors authorised management to explore alternative solutions to enable the sale to be completed before 31 December 2019, including by selling the Via Varejo shares in a series of transactions on the stock market.

The process to transfer all Via Varejo shares to the New Market segment of the B3-Brasil Bolsa Balcão stock market was completed in November 2018.

In this context, at the end of December 2018, GPA signed an agreement for the sale of 50 million Via Varejo ordinary shares (3.86% of the capital) through a total return swap (TRS) with a leading financial institution with the purpose of subsequently selling the shares on the market over a period ending at the latest on 30 April 2019. The sales were completed ahead of this date, with the last transaction carried out on 20 February.

The operation had no impact on the control or governance of Via Varejo. As of 31 December 2018, because the TRS did not meet the requirements for derecognition under IFRS 9, the underlying sale was not recorded in the accounts and a liability was recorded for the €49 million received from the counterparty (Notes 11.2.2 and 11.2.4). As at 31 December 2018, GPA held 39.4% of Via Varejo's voting rights and 43.23% of the shares.

Therefore, the sale of Via Varejo in 2019 is considered highly probable, and in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*:
- the assets and liabilities held for sale are reported on a separate line of the consolidated statement of financial position (Note 3.5.1);
- Via Varejo's net profit and cash flows for the years ended 31 December 2018 and 2017 are reported on separate lines in the consolidated income statement and consolidated statement of cash flows;
- Via Varejo has been excluded from tables in the notes, in particular those relative to lease commitments (Note 7.2) and GPA's contingent liabilities (Note 13.3). If necessary, specific information for Via Varejo is provided in a footnote.

Pursuant to the authorisation given by its Board of Directors on 20 February 2019, GPA has contracted a second total return swap for 40 million Via Varejo shares (see note 15).

- **Bond issue**

On 24 January 2018, Casino placed a €200 million tap of its bond issue due June 2022, at an effective interest rate of 1.58%. The operation issue raised the total nominal amount of the bond from €550 million to €750 million.

- **Acquisition of Sarenza (Note 3.1.1)**

- **Commercial partnership between Monoprix and Amazon**

On 26 March 2018, Monoprix and Amazon announced that they were forming a commercial partnership to deliver grocery items sourced from Monoprix to Amazon's Prime service customers in Paris and its inner suburbs.
On 12 September 2018, the two partners announced the launch of a dedicated virtual store on the Amazon Prime Now app and website, giving Amazon Prime members access to over 6,000 products with delivery to the address of their choice in less than two hours.

- **Announcement of an asset disposal plan**

On 11 June 2018, the Group announced that it was launching an asset disposal plan to support ongoing transformation of the business model and accelerate the deleveraging process in France. The plan concerned non-strategic real estate and other assets identified by the Group with an estimated total realisable value of €1.5 billion. The objective was for half of the plan to be completed in 2018.
As at 31 December 2018, disposals under the plan totalled €1,105 million and included:

- sale of 15% of Mercialys shares through an equity swap for €213 million (Note 3.1.4);
- entry of Tikehau Capital and Bpifrance into the capital of GreenYellow for €150 million (see below);
- sale of Monoprix real estate assets: following the synallagmatic agreements signed on 28 September and 17 October 2018, the Group completed the sale of buildings pertaining to 53 Monoprix stores to Generali Group and 14 stores to AG2R La Mondiale on 20 December 2018. After deducting registration fees, these transactions amounted to €742 million and generated a capital gain of €166 million, net of transaction costs (Note 6.5). The Group will continue to operate the stores under leases representing an annual rent of €35 million.

Indicative offers have also been received for other assets included in the disposal plan, some of which have led to agreements being signed since the beginning of 2019 (Note 15).

- **Cooperation in purchasing with Auchan Retail, METRO and the Schiever Group**

On 29 June 2018, the Casino, Auchan Retail, METRO and Schiever groups announced the signature of several agreements covering their cooperation in purchasing, internationally and in France. Previously, the Casino Group and Auchan Retail had announced on 3 April 2018 that they had begun exclusive talks to build a global strategic partnership. This coincided with Casino and Intermarché's mutually agreed termination of their purchasing alliance. The Dia group joined the partnership at the end of August 2018.
The new alliances, called Horizon, will focus on moving away from purely transactional negotiations towards a collaborative, balanced and innovative type of negotiations.
After being granted approval by the relevant competition authorities, Horizon International Services has been up and running since 15 February 2019 and covers 47 countries in Europe, Asia and South America in which these companies operate.

- **Bond buybacks**

A total of €128 million worth of bonds maturing at different dates between 2018 and 2026 were bought back in July and August 2018. The bonds were purchased as and when market opportunities arose, at prices that the Group considered attractive. The transactions were in line with the strategy to pay down gross debt. The impact on the consolidated financial statements was as follows:

- reduction in debt, including fair value hedges with a negative fair value: €135 million (Note 11.2.2);
- reduction in hedging instruments with a positive fair value: €3 million;
- recognition in "Finance costs, net" of a €4 million gain (not taking into account future interest savings).

- **Rating downgrades**

On 3 September 2018, Standard & Poor's announced that it was downgrading Casino's rating from BB+ Stable outlook to BB Negative outlook. On 28 September 2018, Moody's announced that it was downgrading Casino's rating from Ba1, stable outlook to Ba1, negative outlook.
These changeshave not had any impact on the cost of Casino's bond debt or on its liquidity position.

- **Entry of Tikehau Capital and Bpifrance in the capital of GreenYellow**

On 12 October 2018, the Group announced the signing of an agreement under which Tikehau Capital, an asset management and investment firm, and Bpifrance would acquire a stake in GreenYellow, Casino's subsidiary dedicated to solar energy and energy efficiency solutions. The operation was completed on 18 December 2018, through a €150 million share issue underwritten by the two new shareholders, giving them a combined 24% stake. The impact (net of transaction costs) on the Group's consolidated financial statements was a €108 million increase in non-controlling interests and a €35 million increase in equity attributable to equity holders of the parent.

- **Partnership with the Quattrucci family**

On 15 October 2018, the Group announced the signing of a partnership with the Quattrucci family whereby twelve stores specialised in fresh products would join the Casino Group.
These stores, located in the Île-de-France region and the Oise department, generated more than €300 million in sales in 2017. Since 1 January 2019, the stores have been supplied by the Casino Group; seven have been converted to the “Marché frais Géant” banner and the other five to the “Marché frais Leader Price” banner.

- **Creation of a joint venture with ENGIE**

On 17 October 2018, GreenYellow and the ENGIE group announced the creation of a joint venture, Reservoir Sun, to help local authorities and companies in France to generate solar power to meet their electricity needs. The joint venture had no material impact on the consolidated financial statements at 31 December 2018.

- **Interim dividend**

On 5 December 2018, the Company paid an interim dividend of €170 million (Note 12.9).

Note 3 Scope of consolidation

Accounting principles

Basis of consolidation

The consolidated financial statements include the financial statements of all material subsidiaries, joint ventures and associates over which the parent company exercises control, joint control or significant influence, either directly or indirectly (see list of consolidated companies in Note 17).

Subsidiaries

Subsidiaries are companies controlled by the Group. Control exists when the Group (i) has power over the entity, (ii) is exposed or has rights to variable returns from its involvement with the entity, and (iii) has the ability to affect those returns through its power over the entity.
The consolidated financial statements include the financial statements of subsidiaries from the date when control is acquired to the date at which the Group no longer exercises control. All controlled companies are fully consolidated in the Group's statement of financial position, regardless of the percentage interest held.

Potential voting rights

Control is assessed by taking potential voting rights into account, but only if they are substantive; that is, if the entity has the practical ability to exercise its rights with respect to the exercise price, date and terms.
The Group may own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares or other similar instruments that have the potential, if exercised or converted, to give the Group voting power or reduce another party's voting power over the financial and operational policies of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event.

Joint ventures

A joint venture is a joint arrangement in which the parties that exercise joint control over an entity have rights to its net assets. Joint control involves the contractually agreed sharing of control over an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
Joint ventures are accounted for in the consolidated financial statements using the equity method.

Associates

Associates are companies in which the Group exercises significant influence over financial and operational policies without having control. They are accounted for in the consolidated financial statements using the equity method.

Equity method of accounting

The equity method provides that an investment in an associate or a joint venture be recognised initially at acquisition cost and subsequently adjusted by the Group's share in profit or loss and, where appropriate, in other comprehensive income of the associate or joint venture. Goodwill related to these entities is included in the carrying amount of the investment. Any impairment losses and gains or losses on disposal of investments in equity-accounted entities are recognised in "Other operating income and expenses".
Profits/losses from internal acquisitions or disposals with equity-accounted associates are eliminated to the extent of the Group's percentage interest in these companies. In the absence of any guidance in IFRS concerning cases where the amount to be eliminated is greater than the carrying amount of the investment in the equity-accounted company, the Group has elected to cap the amount eliminated from the accounts in the transaction year and to deduct the uneliminated portion from its share of the equity-accounted company's profits in subsequent years. The Group follows a transparent approach to accounting for associates under the equity method and takes into account, if relevant, its final percentage interest in the associate for the purpose of determining the proportion of profit (loss) to be eliminated.
In the absence of any standard or interpretation covering dilution of the Group's interest in a subsidiary of an equity-accounted company, the dilution impact is recognised in the Group's share of the profit (loss) of the equity-accounted investee.

Business combinations

As required by IFRS 3 revised, the consideration transferred (acquisition price) in a business combination is measured at the fair value of the assets transferred, equity interests issued and liabilities incurred on the date of the transaction. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Acquisition-related costs are recognised in "Other operating expenses", except for those related to the issue of equity instruments.
Any excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed is recognised as goodwill. At the date when control is acquired and for each business combination, the Group may elect to apply either the partial goodwill method (in which case, the amount of goodwill is limited to the

portion acquired by the Group) or the full goodwill method. Under the full goodwill method, non-controlling interests are measured at fair value and goodwill is recognised on the full amount of the identifiable assets acquired and liabilities assumed.
Business combinations completed prior to 1 January 2010 were accounted for using the partial goodwill method, which was the only method applicable prior to publication of the revised version of IFRS 3.

In the case of an acquisition achieved in stages (step acquisition), the previously-held interest is remeasured at fair value as at the date control is acquired. The difference between the fair value and carrying amount of the previously-held interest is recognised directly in profit or loss (under "Other operating income" or "Other operating expenses").
The provisional amounts recognised on the acquisition date may be adjusted retrospectively if the information needed to revalue the assets acquired and the liabilities assumed corresponds to new information obtained by the buyer and concerns facts and circumstances that existed as of the acquisition date. Goodwill may not be adjusted after the measurement period (not exceeding 12 months from the date when control is acquired). Any subsequent acquisitions of non-controlling interests do not give rise to the recognition of additional goodwill.

Any contingent consideration is included in the consideration transferred at its acquisition-date fair value, whatever the probability that it will become due. Subsequent changes in the fair value of contingent consideration due to facts and circumstances that existed as of the acquisition date are recorded by adjusting goodwill if they occur during the measurement period or directly in profit or loss for the period under "Other operating income" or "Other operating expenses" if they arise after the measurement period, unless the obligation is settled in equity instruments. In that case, the contingent consideration is not remeasured subsequently.

Intra-group transfers of shares in consolidated companies

In the absence of any guidance in IFRS on the accounting treatment of intra-group transfers of shares in consolidated companies leading to a change in percentage interest, the Group applies the following principle:

- the transferred shares are maintained at historical cost and the gain or loss on the transfer is eliminated in full from the accounts of the acquirer;
- non-controlling interests are adjusted to reflect the change in their share of equity, and a corresponding adjustment is made to consolidated reserves, without affecting profit or total equity.

Costs and expenses related to intra-group transfers of shares and to internal restructuring in general are included in “Other operating expenses”.

Foreign currency translation

The consolidated financial statements are presented in euros, which is the functional currency of the Group's parent company. Each Group entity determines its own functional currency and all of their financial transactions are measured in that currency.

The financial statements of subsidiaries that use a different functional currency from that of the parent company are translated using the closing rate method, as follows:

- assets and liabilities, including goodwill and fair value adjustments, are translated into euros at the closing rate, corresponding to the spot exchange rate at the reporting date;
- income statement and cash flow items are translated into euros using the average rate of the period unless significant variances occur.

The resulting translation differences are recognised directly within a separate component of equity. When a foreign operation is disposed of, the cumulative differences recognised in equity on translation of the net investment in the operation concerned at successive reporting dates are reclassified to profit or loss. Because the Group applies the step-by-step method of consolidation, the cumulative translation differences are not reclassified to profit or loss if the foreign operation disposed is part of a sub-group. This reclassification will occur only at the disposal of the sub-group.

Foreign currency transactions are translated into euros using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting translation differences are recognised in the income statement under "Foreign currency exchange gains" or "Foreign currency exchange losses". Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the transaction date.
Exchange differences arising on translation of the net investment in a foreign operation are recognised in the consolidated financial statements as a separate component of equity and reclassified to profit or loss on disposal of the net investment.

Exchange differences arising on translation of (i) foreign currency borrowings hedging a net investment denominated in a foreign currency or (ii) permanent advances made to subsidiaries are also recognised in equity and reclassified to profit or loss on disposal of the net investment.

In accordance with IAS 29, the statements of financial position and income statements of subsidiaries operating in hyperinflationary economies are (i) restated to take account of changes in the general purchasing power of the local currency, using official price indices applicable on the reporting date, and (ii) converted into euros at the exchange rate on the reporting date. The Group has qualified Argentina as a hyperinflationary economy since

2018 (see Note 1.3.3).

3.1 Transactions affecting the scope of consolidation in 2018

3.1.1 Acquisition of Sarenza

On 30 April 2018, Monoprix acquired Sarenza, a leading online footwear retailer. The price paid for 100% of the shares was €22 million (Note 4.5).
Sarenza has been consolidated at net book value, leading to the recognition of provisional goodwill of €24 million (corresponding to the difference between the book value of the acquired net assets and the consideration transferred), which has been allocated to the Monoprix CGU.
Sarenza's contribution to consolidated net sales for the period from 30 April 2018 to 31 December 2018 was €97 million. If control of Sarenza had been acquired on 1 January 2018, it would have increased consolidated net sales by €70 million. Its contribution to pre-tax profit for the period was not material.

3.1.2 Changes in scope relating to the Franprix-Leader Price sub-group

On 28 February 2018, Franprix-Leader Price sold control of 105 Franprix and Leader Price stores to a master franchisee. The sale proceeds amounted to €33 million (Note 4.5). The transactions generated a loss of €15 million which is recognised in "Other operating expenses". If the transactions had been completed on 1 January 2018, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.
Franprix-Leader Price has retained a 49% interest in the group of stores and has a call option exercisable between 2021 and 2023 (Note 3.4.2).

The same master franchisee acquired a 40% stake in another group of Franprix-Leader Price stores. The investment was accounted for as a transaction between owners. The master franchisee has a put option on its 40% stake and Franprix-Leader Price has a call option. A debt of €17 million was recognised on the date of the transaction (Note 3.4.1). This transaction had no material impact on consolidated equity.

In addition, Franprix-Leader Price acquired control of 126 stores during 2018, at a total cost of €79 million, including €68 million paid in cash during the period (Note 4.5). Provisional goodwill on these transactions amounted to €76 million. Some of the stores acquired were previously accounted for by the equity method in the Casino Group's consolidated financial statements. The previously-held interest was therefore remeasured at its acquisition-date fair value, leading to the recognition of a €22 million gain in "Other operating income".
If the acquisitions had been completed on 1 January 2018, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.

3.1.3 Sale of a group of Casino supermarkets without loss of control

During first-half 2018, Distribution Casino France sold a 40% stake in five Casino supermarkets to a master franchisee. This sale without loss of control was accounted for as a transaction between owners. The master franchisee has a put option on its 40% stake – recognised in an amount of €19 million on the date of the transaction – and Distribution Casino France has a call option.
This transaction had no material impact on consolidated equity.

3.1.4 Mercialys TRS

On 26 July 2018, in connection with the announced asset disposal plan, the Group reduced its stake in Mercialys from 40.3% of the voting rights to 25.3%, through the block sale to a bank of shares representing 15% of the capital under a total return swap (TRS). Under the terms of the transaction, the Group received immediate proceeds amounting to €213 million (Note 4.6).

Under IFRS 9, the block sale is only effective once the shares are actually sold on the market by the bank. Consequently the shares have not been derecognised at 31 December 2018 and a liability was recorded for €198 million corresponding to the value of the shares not yet sold on the market (Note 11.2.2). The income statement impact of the bank's sale during 2018 of 1% of the capital was not material.

At 31 December 2018, the consolidated financial statements include the Group's 39.2% equity in Mercialys, of which 14% corresponds to the shares not sold on the market at that date by the bank.

The shares under the TRS have been reclassified as "Assets held for sale" in accordance with IFRS 5, for €114 million (Note 3.5.1).

3.2 Transactions affecting the scope of consolidation in 2017

3.2.1 Loss of control of a group of Casino supermarkets

In line with its ongoing franchising development plans, in February 2017, Distribution Casino France sold to a master franchisee a 51% stake in two sub-groups representing a total of 21 Casino supermarkets that were loss-making under the integrated management system. The net loss on the sale amounted to €30 million and was recorded in "Other operating expenses" (Note 6.5).
Distribution Casino France has two call options on these two groups of stores, which are exercisable between November 2018 and October 2020 (Note 3.4.2).

3.2.2 Changes in scope relating to the Franprix-Leader Price sub-group

On 10 February 2017 and 8 March 2017, Franprix-Leader Price acquired an additional 40% stake in the Sarjel group, which was previously 60%-owned. The amount disbursed for this acquisition was €19 million including transaction costs (Note 4.8).

In addition, as part of the ongoing strategy to transform the store network and improve its profitability, Franprix-Leader Price had begun the process of selling a group of 105 Franprix and Leader Price stores to a master franchisee (Note 3.1.2). At 31 December 2017, the assets and liabilities of these stores – representing net assets of €33 million – had been reclassified as "Assets held for sale" for €67 million and "Liabilities associated with assets held for sale" for €34 million.

Lastly, Franprix-Leader Price acquired control of various stores during 2017, at a total cost of €43 million (of which €23 million disbursed during 2017 and the balance in 2018). Provisional goodwill on these transactions amounted to €29 million. In light of the Group's equity-accounted investments in some of the entities concerned, the previously-held interests were remeasured at their acquisition-date fair value, leading to the recognition of a €9 million gain in "Other operating income".
If the acquisitions had been completed on 1 January 2017, the impact on the Group's consolidated net sales, trading profit and net profit would not have been material.

3.3 Investments in equity-accounted investees

3.3.1 Significant associates and joint ventures

The following table presents the condensed financial statements (on a 100% basis) for the four main investees accounted for by the equity method. These condensed financial statements prepared in accordance with IFRS correspond to the investees' published financial statements, as restated where appropriate for the adjustments made by the Group, for example fair value adjustments on the date control is acquired or lost, adjustments to bring the investee's accounting policies into line with Group policies, or adjustments to eliminate gains and losses on intra-group acquisitions and disposals for the portion corresponding to the Group's percentage interest in the investee:

(€ millions)	2018				2017 (restated)			
	Mercialys	**Tuya(ii)**	**Banque du Groupe Casino**	**FIC(iii)**	**Mercialys(i)**	**Tuya(ii)**	**Banque du Groupe Casino**	**FIC(iii)**
Country	**France**	**Colombia**	**France**	**Brazil**	France	Colombia	France	Brazil
Business	**Real estate**	**Banking**	**Banking**	**Banking**	Real estate	Banking	Banking	Banking
Type of relationship	**Associate**	**Joint venture**	**Joint venture**	**Associate**	Associate	Joint venture	Joint venture	Associate
% interests and voting rights(iv)	**39%(i)**	**50%**	**50%**	**50%**	40%	50%	50%	50%
Total revenue	**258**	**314**	**164**	**225**	187	403	139	274
Net profit from continuing operations	**85**	**24**	**7**	**50**	79	12	3	50
Other comprehensive income	**-**	**-**	**-**	**-**	-	-	-	-
Total comprehensive income	**85**	**24**	**7**	**50**	**79**	**12**	**3**	**50**
Non-current assets	**2,869**	**-**	**24**	**13**	2,882	-	17	17
Current assets(v)	**468**	**771**	**1,193**	**1,339**	274	728	978	1,163
Non-current liabilities	**(1,236)**	**-**	**(34)**	**(2)**	(1,401)	-	(19)	(3)
Current liabilities	**(746)**	**(661)**	**(1,051)**	**(1,188)**	(335)	(657)	(864)	(1,013)
of which credit activities-related liabilities	***-***	***(544)***	***(1,051)***	***(453)***	*-*	*(516)*	*(844)*	*(994)*
Net assets	**1,355**	**109**	**132**	**162**	**1,420**	**71**	**112**	**164**
Of which net assets attributable to owners of the parent	***1,260***	***109***	***132***	***162***	*1,322*	*71*	*112*	*164*
Share of net assets	**494**	**55**	**66**	**81**	**532**	**35**	**56**	**82**
Goodwill	**20**	**-**	**33**	**-**	20	-	33	-
Elimination of share of intra-group margins	**(192)**	**-**	**-**	**-**	(202)	-	-	-
IFRS 5 reclassifications	**(114)**	**-**	**-**	**(22)**	-	-	-	(22)
Other adjustments(vi)	**-**	**-**	**-**	**(14)**	-	(3)	-	(15)
Investments in equity-accounted investees (Note 3.3.3)	**207**	**55**	**99**	**46**	**350**	**32**	**89**	**45**
Dividends received from associates or joint ventures	**43**	**6(vii)**	**-**	**6(viii)**	**38**	**-**	**-**	**59(viii)**

(i) As at 31 December 2018, the Group held 25% of the capital of Mercialys (39% interest of which 14% corresponding to shares classified as held-for-sale in accordance with IFRS 5). The Group considers that it exercises significant influence over the financial and operating policies of the Mercialys Group. This position is based on (a) the absence of a majority vote on strategic decisions at meetings of the company's Board of Directors, which is mostly made up of independent directors, (b) the governance rules stipulating that Casino's representatives on the Mercialys Board may not take part in decisions concerning transactions carried out with the Group, (c) business contracts entered into between the Group and Mercialys on an arm's length basis, and (d) an analysis of the votes cast at recent General Shareholders' Meetings of Mercialys (showing that Casino and its related parties do not control shareholder decisions at General Meetings).

(ii) Tuya was set up in partnership with Éxito and Bancolombia to manage the banking services offered to customers of the stores in Colombia, primarily the possibility of signing up for credit cards in the stores. The partnership structure changed in October 2016 when Éxito became a 50% shareholder of Tuya.

(iii) FIC was set up by GPA in partnership with Banco Itaú Unibanco SA ("Itaú Unibanco") to finance purchases by GPA's customers. It is accounted for using the equity method as GPA exercises significant influence over its operating and financial policies.

(iv) The percentage interest corresponds to that held by Casino, except in the case of Tuya (interest held by the Éxito sub-group) and FIC (interest held by GPA). GPA holds 50% of the voting rights in FIC and 41.92% of the capital (including 6.16% through Via Varejo which is classified as held-for-sale in accordance with IFRS 5).

(v) The current assets of Banque du Groupe Casino, Tuya and FIC primarily concern their credit business.

(vi) Concerning FIC, the adjustment concerns a statutory reserve over which Itaú Unibanco has exclusive rights.

(vii) Stock dividends worth COP 20 billion (€6 million) paid to the joint venture partners.

(viii) This amount only concerns GPA's direct interest and does not include €2 million in dividends received by Via Varejo (2017: €25 million).

3.3.2 Other investments in associates and joint ventures

At 31 December 2018, the carrying amounts of investments in other associates and joint ventures stood at €75 million and €19 million, respectively (Note 3.3.3). The aggregate amounts of key financial statement items for these associates and joint ventures are not material. Dividends received from these associates and joint ventures amounted to €5 million in 2018 (2017: €4 million).

3.3.3 Changes in investments in equity-accounted investees

(€ millions)	Opening balance (restated)	IFRS 9 adjustments	Impairment loss	Share of profit for the year	Dividends	Other	Closing balance
Associates							
FIC (GPA)	92	-	-	18	(53)	(12)	45
Mercialys	351[(*)]	-	-	29	(38)	9[(i)]	350
Franprix-Leader Price Group associates	2	-	-	(39)	-	40[(ii)]	4
Other	39	-	-	1	(4)	3	39
Joint ventures							
Banque du Groupe Casino	84	-	-	1	-	4	89
Tuya (Éxito)	28	-	-	3	-	1	32
Other	13	-	-	(1)	-	3	15
2017 (restated)	**609**	**-**	**-**	**13**	**(96)**	**48**	**575**
Associates							
FIC (GPA)	**45**	**(5)**	**-**	**18**	**(6)**	**(6)**	**46**
Mercialys	**350**	**(1)**	**-**	**30**	**(43)**	**(129)[(i)]**	**207**
Franprix-Leader Price Group associates	**4**	**-**	**-**	**(50)**	**-**	**54[(ii)]**	**8**
Other	**39**	**-**	**-**	**-**	**(5)**	**33**	**67**
Joint ventures			**-**				
Banque du Groupe Casino	**89**	**(5)**	**-**	**3**	**-**	**11**	**99**
Tuya (Éxito)	**32**	**-**	**-**	**15**	**-**	**7**	**55**
Other	**15**	**-**	**-**	**-**	**-**	**4**	**19**
2018	**575**	**(11)**	**-**	**17**	**(55)**	**(26)**	**500**

(*) Restatement of the investment in Mercialys following the retrospective application of IFRS 15 had a negative impact of €16 million.

(i) The €129 million negative movement in 2018 mainly reflects the reclassification as "Assets held for sale" in accordance with IFRS 5 of the shares underlying a total return swap and not yet sold on the market, for €114 million (Note 3.1.4). It also includes the previously eliminated share of margin on transactions between Mercialys and the Group, recorded in trading profit for €5 million following the sale on the market of Mercialys shares representing 1% of the capital that were included in the TRS described in Note 2. The €9 million increase in 2017 corresponded mainly to the elimination of gains and losses on purchases and sales of property assets between Casino and Mercialys for the portion corresponding to Casino's percentage interest in Mercialys.

(ii) The amount of €54 million in 2018 mainly related to (i) the same type of reclassification concerning the share of these losses from associates as in 2017 for an amount of €20 million; and (ii) and an amount of €20 million subscribed by Franprix-Leader Price to the capital increase of a master franchisee. The amount of €40 million in 2017 related to the reclassification of the share of losses from associates of Franprix-Leader Price that exceeds the book value of the investments, when Franprix-Leader Price has an obligation to cover its share in the losses of those associates.

3.3.4 Impairment losses on investments in equity-accounted investees

With the exception of Mercialys, associates and joint ventures are privately-held companies for which no quoted market prices are available to estimate their fair value. The impairment tests carried out at 31 December 2018 and 31 December 2017 did not result in the recognition of any impairment loss.

The fair value of the investment in Mercialys at the reporting date was €432 million for 39.2% of net assets, determined using the share price on 31 December 2018 (31 December 2017: €683 million for 40.2%). This did not result in the recognition of any impairment loss. Mercialys' EPRA NNNAV at 31 December 2018 amounted to €1,940 million on a 100% basis, of which the Group's share was €761 million.

3.3.5 Share of contingent liabilities of equity-accounted investees

As at 31 December 2018 and 31 December 2017, none of the Group's associates and joint ventures had any material contingent liabilities.

3.3.6 Related-party transactions (equity-accounted investees)

The related party transactions shown below mainly concern transactions carried out in the normal course of business 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)	2018		2017 (restated)	
	Associates	Joint ventures	Associates	Joint ventures
Loans	**28**	**11**	15	13
of which impairment	***(44)***	**-**	*(63)*	-
Receivables	**139**	**48**	120	49
of which impairment	**-**	**-**	*(1)*	-
Payables	**30**	**549**	10	274
Expenses	**81(i)**	**2,323(ii)**	**89(i)**	**1,117(ii)**
Income	**1,051(iii)**	**38**	**937(iii)**	**17**

(i) Of which rental revenue excluding occupancy costs for the 70 leases signed with Mercialys for €53 million in 2018 (2017: 74 leases for €55 million). At 31 December 2018, future minimum lease payments due to Mercialys on property assets amounted to €111 million, including €40 million due within one year.
(ii) Including €1,164 million in fuel purchases from Distridyn and €1,127 million in goods purchases from CD Supply Innovation in 2018 (2017: €1,095 million and €0 million respectively).
(iii) Income of €1,051 million in 2018 (2017: €937 million) includes sales of goods by Franprix-Leader Price and Distribution Casino France to master franchisees accounted for by the equity method, for €899 million (2017: €826 million). It also includes income related to property development transactions with Mercialys reported under "Other revenue" for €33 million (2017: €38 million).

Transactions with Mercialys

Casino has entered into various agreements with Mercialys:

- Leases: Casino leases units in certain shopping centres from Mercialys, for which the rent is included in the above table.
- Asset management agreement: Casino provides rental management services for nearly all Mercialys properties. In 2018, the related management fees amounted to €6 million (2017: €6 million).
- Partnership agreement: this agreement was approved by Casino's Board of Directors on 19 June 2012 and an addendum was signed on 12 November 2014. The partnership's fundamental principle, whereby Casino develops and manages a pipeline of projects that Mercialys acquires to feed its business growth, has been maintained in the new agreement. The original agreement concerned a pipeline of projects offering satisfactory visibility. The new agreement enables Mercialys to propose new projects that will be examined by Casino and tracked during monitoring committee meetings.
  Casino will not undertake any work until the order is reconfirmed by Mercialys once the necessary permits have been obtained and leases have been signed on units representing at least 60% of total projected rental revenues from signed leases.

The acquisition price of projects developed by Casino was calculated under the original agreement on the basis of (i) a rent capitalisation rate determined using a grid that is updated twice a year by reference to the rates used to value Mercialys' portfolio and (ii) projected rental revenues from the project. Under the new agreement, the projected internal rate of return (IRR) – within the range of 8% to 10% – may also be taken into account for pricing purposes.
The principle whereby the upside and downside are shared equally between Casino and Mercialys has been maintained to take into account the actual conditions in which the assets will be marketed. For example, the price will be increased or reduced by 50% of any positive (upside) or negative (downside) difference between the actual rents negotiated during the marketing process and the rents projected at the outset. The contracts require the parties to meet during the pre-acquisition process.
In exchange for the exclusive partnership, Mercialys has undertaken not to invest in any operations that could lead to a material increase in competition in the catchment area of any of the Casino Group's food stores.
At the end of January 2017, the partnership agreement was extended by three years, until end-2020.
No projects were sold under the partnership agreement in 2018.

- Support services agreement: the Group provides administrative, finance/accounting, IT and real estate support services to Mercialys. In 2018, the related fees amounted to €2 million (2017: €2 million).
- Consulting services agreement: Mercialys makes available to Casino the services of its team of real estate portfolio enhancement specialists. This agreement had no material impact in 2018 or 2017.
  The parties decided to terminate the agreement on 31 December 2018. A new fixed-term agreement has been signed with an initial term of six months (1 January to 30 June 2019), covering asset management services provided by Mercialys' teams on projects managed on Casino's behalf. The agreement is automatically renewable for successive six-month terms up to a maximum of 48 months in total.
- Exclusive sale mandate: Casino seeks buyers for real estate assets on behalf of Mercialys.
- Current account and cash management agreement: Casino has provided Mercialys with a €50 million confirmed line of credit expiring in December 2020 at an annual interest rate based on the Euribor plus a spread ranging from 40 bps to 95 bps depending on the amount borrowed under the facility. The Group also charges an annual 38-bps commitment fee (40% of the maximum 95-bps spread) on undrawn amounts. This agreement had no material impact in 2018 or 2017.

In 2018, the Group signed a property development contract with Sacré Cœur, a subsidiary of Mercialys. After eliminating a percentage corresponding to the Group's interest in Mercialys, the contract led to the recognition of €24 million in "Other revenue" and a non-material contribution to EBITDA.

In addition, the Group sold three property development projects of hypermarkets scheduled for transformation to third parties. After eliminating a percentage corresponding to the Group's 10% interest in the associates concerned, the transactions led to the recognition of €47 million in "Other revenue" and a €24 million contribution to EBITDA in 2018.

3.3.7 Commitments to joint ventures

The Group has given guarantees to joint ventures (also presented in Note 6.11.1) for an amount of €93 million at 31 December 2018 (31 December 2017: €125 million), including €68 million on behalf of Distridyn and €25 million on behalf of CD Supply Innovation.

3.4 Commitments related to the scope of consolidation

3.4.1 Put options granted to owners of non-controlling interests – "NCI puts"

Accounting principle

The Group has granted put options to the owners of non-controlling interests in some of its subsidiaries. The exercise price may be fixed or based on a predetermined formula. The options may be exercisable at any time or on a specified date. In accordance with IAS 32, obligations under these NCI puts are recognised as "Financial liabilities"; fixed price options are recognised at their discounted present value and variable price options at fair value. NCI puts are presented on a separate line of the consolidated statement of financial position, "Put options granted to owners of non-controlling interests".

IAS 27 revised, which was effective for annual periods beginning on or after 1 January 2010, and subsequently IFRS 10, effective for annual periods beginning on or after 1 January 2014, describe the accounting treatment of acquisitions of additional shares in subsidiaries. The Group has decided to apply two different accounting methods for these NCI puts, depending on whether they were granted before or after 1 January 2010, as recommended by France's securities regulator (*Autorité des marchés financiers*):

- NCI puts granted before the effective date of IAS 27 revised are accounted for using the goodwill method whereby the difference between the financial liability and the carrying amount of the non-controlling interests is recognised in goodwill. In subsequent years, this liability is remeasured and any changes adjust goodwill.
- NCI puts granted since IAS 27 revised came into effect are accounted for as transactions between shareholders, with the difference between the financial liability and the carrying amount of the non-controlling interests recognised as a deduction from equity. In subsequent years, this liability is remeasured and any changes adjust equity.

"NCI puts" can be analysed as follows at 31 December 2018:

(€ millions)	% Group interest	Commitment to non-controlling interests	Fixed or variable exercise price	Non-current liabilities(iv)	Current liabilities(iv)
Franprix-Leader Price(i)	58.67% to 70.00%	30.00% to 41.33%	F/V	39	7
Éxito (Disco)(ii)	62.49%	29.82%	V	-	117
Distribution Casino France(iii)	60.00%	40.00%	V	20	-
Other				4	1
Total NCI put liabilities				**63**	**126**

(i) The value of NCI puts on subsidiaries of the Franprix-Leader Price sub-group is generally based on net profit or a multiple of net sales. A 10% increase or decrease in these indicators would not have a material impact. The options expire between 2018 and 2031.
(ii) This option is exercisable at any time until 21 June 2021. The exercise price is the highest amount obtained using different calculation formulas. The formula applied at 31 December 2018 is based on a multiple of 12 times average net profit for the last two years. A 10% increase or decrease in net profit would lead to a €12 million increase or decrease in the financial liability as at 31 December 2018.
(iii) The value of the puts is based on a multiple of net sales generated by the five underlying Casino supermarkets (Note 3.1.3). A 10% increase or decrease in the indicator would not have a material impact. The option is exercisable between 1 April and 30 June 2023.
(iv) As at 31 December 2017, NCI put liabilities amounted to €171 million, including current liabilities of €143 million. The increase in 2018 mainly reflected new puts granted to master franchisees on Franprix-Leader Price and Casino stores in the transactions described in Notes 3.1.2 and 3.1.3.

3.4.2 Off-balance sheet commitments

Accounting principle
Puts and calls relating to non-controlling interests are generally accounted for as derivative instruments. The exercise price of these options generally reflects the fair value of the underlying assets. Under the terms of the option contracts, the exercise price of written put and call options may be determined using earnings multiples of the companies concerned. In this case, the options are valued based on the latest published earnings for options exercisable at any time and earnings forecasts or projections for options exercisable as of a given future date. In many cases, the put option written by the Group is matched by a call written by the other party; in these cases, the value shown corresponds to that of the written put.

Written put options on shares in non-controlled companies stood at €15 million as at 31 December 2018 (31 December 2017: €16 million), and concerned entities within the Monoprix and Franprix-Leader Price sub-groups.

Call options granted to the Group on shares in non-controlled companies stood at €348 million as at 31 December 2018 (31 December 2017: €421 million), and mainly concerned:

- The following call options in connection with transactions carried out with Mercialys:
  - call option on 100% of the assets or 100% of the shares of Hyperthetis Participations, exercisable from 31 December 2020 and until 31 March 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
  - call option on a property asset previously sold to Immosiris, exercisable between 31 March 2021 and 30 September 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
- Lastly, in connection with the transactions carried out with master franchisees described in Notes 3.1.2, 3.2.1 and 3.2.2, the Group has call options on stores that are exercisable between 2018 and 2023 at prices based on a percentage of the improvement in EBITDA or a multiple of net sales.

3.5 Non-current assets held for sale and discontinued operations

Accounting principle

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this condition to be met, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to a plan to sell the asset which, in accounting terms, should result in the conclusion of a sale within one year of the date of this classification. Considering these characteristics, net assets held for sale attributable to owners of the parent of the selling subsidiary are presented as a deduction from net debt (Note 11).

Property, plant and equipment and intangible assets classified as held for sale are no longer depreciated or amortised.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

An operation represents a separate major line of business when it constitutes a reportable segment. It is classed as discontinued if the criteria for classifying the related assets as "held for sale" have been met or when it has already been disposed of. Classification as a discontinued operation occurs when the operation is disposed of or on a prior date when it fulfils the criteria for classification as held for sale.

When an operation is classified as discontinued, the comparative income statement and statement of cash flows are restated as if the operation had fulfilled the criteria for classification as discontinued as from the first day of the comparative period. Discontinued operations are presented on a separate line of the consolidated income statement, "Profit from discontinued operations", which includes the net profit or loss of the discontinued operation up to the date of disposal, and if appropriate, any impairment loss recognised to write down the net assets held for sale to their fair value less costs to sell and/or any after-tax disposal gains or losses.

3.5.1 Assets held for sale and liabilities associated with assets held for sale

(€ millions)	Notes	31 December 2018		31 December 2017	
		Assets	Liabilities	Assets	Liabilities
Via Varejo sub-group	2/3.5.2	**5,698**	**4,426**	6,041	4,571
Other France Retail(i)		**1,342**	**202**	545	109
Other Latam Retail		**20**	**-**	7	-
Total		**7,061**	**4,628**	**6,593**	**4,680**
Net assets		**2,433**		1,913	
Of which attributable to owners of the parent of the selling subsidiary	*11.2*	***1,689***		*1,070*	

(i) At 31 December 2018, this line corresponds primarily to stores and property assets for approximately €874 million (attributable to owners of the parent) relating to asset disposal plans and optimisation of the store base, and Mercialys shares underlying a total return swap (TRS) for €114 million (Note 3.1.4). At 31 December 2017, this item mainly included stores and property assets.

3.5.2 Discontinued operations

The loss from discontinued operations, mostly composed of Via Varejo (including Cnova Brazil) (Note 2), breaks down as follows:

(€ millions)	2018(i)	2017
Net sales	**6,253**	7,115
Expenses	**(6,298)**	(7,006)
Gain on disposal of discontinued operations	**-**	-
Disposal proceeds	**-**	-
Disposal costs	**-**	-
Carrying amount of net assets sold	**-**	-
Other items of comprehensive income/(loss) reclassified to profit or loss, net of tax(ii)	**-**	-
Impairment loss resulting from the measurement of Via Varejo at fair value less costs to sell(iii)	**-**	(36)
Net profit/(loss) before tax from discontinued operations	**(46)**	**74**
Income tax (expense)/benefit	**16**	(34)
Share of profit of equity-accounted investees	**9**	7
Net profit/(loss) from discontinued operations	**(21)**	**47**
Attributable to owners of the parent	***(9)***	*(7)*
Attributable to non-controlling interests	***(11)***	*54*

(i) In 2018, Via Varejo reported EBITDA of €268 million (2017: €414 million).
(ii) The reclassification of Via Varejo in "Discontinued operations" had no impact on other comprehensive income in 2018 or 2017. The sale of Via Varejo will not lead to any related foreign currency translation adjustments being reclassified to profit or loss.
(iii) No additional impairment loss was recorded in 2018. As at 31 December 2018, the share price was BRL 4.39, representing a market value of €1,279 million before the control premium.

Earnings per share of discontinued operations are presented in Note 12.10.

3.5.3 Net cash from/(used in) discontinued operations

In 2018 and 2017, net cash from/(used in) discontinued operations mainly concerned Via Varejo.

Note 4 Additional cash flow disclosures

Accounting principle

The statement of cash flows is prepared using the indirect method starting from consolidated net profit (loss) and is organised in three sections:

- Cash flows from operating activities, including taxes, transaction costs for acquisitions of subsidiaries, dividends received from associates and joint ventures and payments received in respect of government grants.
- Cash flows from investing activities, including acquisitions of subsidiaries (excluding transaction costs), proceeds from disposals of subsidiaries (including transaction costs), acquisitions and disposals of investments in non-consolidated companies, associates and joint ventures (including transaction costs), contingent consideration paid for business combinations during the measurement period and up to the amount of the identified liability, and acquisitions and disposals of intangible assets and property plant and equipment (including transaction costs and deferred payments), excluding finance leases.
- Cash flows from financing activities, including new borrowings and repayments of borrowings, issues of equity instruments, transactions between shareholders (including transaction costs and any deferred payments), net interest paid (cash flows related to finance costs and non-recourse factoring and associated transaction costs), treasury share transactions and dividend payments. This category also includes cash flows from trade payables requalified as debt.

4.1 Reconciliation of provision expense

(€ millions)	Notes	2018	2017
Goodwill impairment	10.1.2	**(1)**	(5)
Impairment of intangible assets	10.2.2	**(12)**	(11)
Impairment of property, plant and equipment	10.3.2	**(54)**	(54)
Impairment of investment property	10.4.2	**(1)**	(6)
Impairment of other assets[(i)]		**(142)**	(4)
Net (additions to)/reversals of provisions for risks and charges		**(12)**	29
Provision expense adjustment in the statement of cash flows		**(221)**	**(51)**

(i) Mainly concerns net assets classified as held for sale in accordance with IFRS 5.

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

(€ millions)	Notes	31 December 2017 (restated)	Effect of applying IFRS 9 and IFRS 2	Cash flows from operating activities	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	Reclass. and other	31 December 2018
Goods inventories	6.6	**(3,689)**	**-**	**(198)**	**-**	**(58)**	**177**	**103**	**(3,665)**
Property development work in progress	6.6	**(126)**	**-**	**(41)**	**-**	**(2)**	**4**	**(14)**	**(179)**
Trade payables	B/S	**6,664**	**-**	**329**	**-**	**47**	**(284)**	**(68)**	**6,688**
Trade receivables	6.7	**(937)**	**46**	**(121)**	**-**	**10**	**37**	**60**	**(905)**
Other (receivables)/ payables	6.8.1/6.9.1/ 6.10	**512**	**1**	**(161)**	**(56)**	**64**	**(10)**	**52**	**403**
TOTAL		**2,425**	**47**	**(192)**	**(56)**	**62**	**(76)**	**133**	**2,343**

(€ millions)	Notes	1 January 2017 (restated)	Cash flows from operating activities	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	Reclass. and other	31 December 2017 (restated)
Goods inventories	6.6	(3,769)	(216)	-	(3)	252	48	(3,689)
Property development work in progress	6.6	(170)	85	-	38	(1)	(78)	(126)
Trade payables	B/S	6,936	173	-	10	(423)	(33)	6,664
Trade receivables	6.7	(886)	(106)	-	(1)	42	13	(937)
Other (receivables)/ payables	6.8.1/6.9.1/ 6.10	737	(240)	73	(53)	4	(9)	512
TOTAL		**2,848**	**(303)**	**73**	**(8)**	**(126)**	**(58)**	**2,425**

4.3 Reconciliation of acquisitions of non-current assets

(€ millions)	Notes	2018	2017
Additions to and acquisitions of intangible assets	10.2.2	**(211)**	(183)
Additions to and acquisitions of property, plant and equipment	10.3.2	**(881)**	(931)
Additions to and acquisitions of investment property	10.4.2	**(59)**	(130)
Changes in amounts due to suppliers of non-current assets		**(46)**	(31)
New finance leases		**2**	14
Capitalised borrowing costs (IAS 23)	10.3.3	**11**	14
Cash used in acquisitions of intangible assets, property, plant and equipment and investment property		**(1,185)**	**(1,247)**

4.4 Reconciliation of disposals of non-current assets

(€ millions)	Notes	2018	2017
Disposals of intangible assets	10.2.2	**15**	19
Disposals of property, plant and equipment	10.3.2	**326**	249
Disposals of investment property	10.4.2	**1**	1
Gains/(losses) on disposals of non-current assets		**232**	(12)
Changes in receivables related to non-current assets		**(26)**	(54)
Reclassification of non-current assets as "Assets held for sale"		**693**	101
Cash from disposals of intangible assets, property, plant and equipment and investment property		**1,241**	**303**

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

(€ millions)	2018	2017
Amount paid for acquisitions of control	**(112)**	(48)
Cash acquired/(bank overdrafts assumed) in acquisitions of control	**(18)**	2
Proceeds from losses of control	**34**	8
(Cash sold)/bank overdrafts transferred in losses of control	**-**	(31)
Effect of changes in scope of consolidation resulting in acquisition or loss of control	**(95)**	**(69)**

In 2018, the net impact of these transactions on cash and cash equivalents mainly comprised:

- an outflow of €43 million for the acquisition of Sarenza (Note 3.1.1), including the €20 million negative cash acquired and the €22 million sale price paid;
- an outflow of €78 million for acquisitions by the Franprix-Leader Price sub-group, including an outflow of €68 million for transactions during the period (Note 3.1.2) and an outflow of €11 million for transactions in 2017 (Note 3.2.2);
- an inflow of €27 million for transactions involving loss of control by the Franprix-Leader Price sub-group, including an inflow of €33 million for the sale of 105 stores (as described in Note 3.1.2).

In 2017, the net impact of these transactions on the Group's cash and cash equivalents mainly comprised:

- an outflow of €30 million in cash sold in the transaction resulting in the loss of control of all Casino supermarkets (Note 3.2.1);
- an outflow of €23 million for the acquisition of various controlling interests in the Franprix-Leader Price sub-group (Note 3.2.2);
- an outflow of €15 million for the settlement of the balance of the price for the 2015 acquisition of control of the Super Inter stores.

4.6 Effect of changes in scope of consolidation related to equity-accounted investees

(€ millions)	2018	2017
Amount paid for the acquisition of shares in equity-accounted investees	**(39)**	(17)
Amount received from the sale of shares in equity-accounted investees	**209**	-
Effect of changes in scope of consolidation related to equity-accounted investees	**170**	**(17)**

In 2018, the net impact of these transactions resulted for the most part from the block sale of Mercialys shares representing 15% of the capital (Note 3.1.4).

4.7 Reconciliation of dividends paid to non-controlling interests

(€ millions)	Notes	2018	2017
Dividends paid and payable to non-controlling interests	12.8	**(103)**	(69)
Payment during the year of dividends accrued at the prior year-end		**(2)**	11
Effect of movements in exchange rates		**(2)**	(2)
Effect of discontinued operations		**2**	7
Dividends paid to non-controlling interests as presented in the statement of cash flows		**(104)**	**(52)**

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

(€ millions)	Notes	2018	2017
Distribution Casino France – Disposal without loss of control	3.1.3	**20**	-
GreenYellow – Disposal without loss of control[i]	2	**149**	-
Éxito – Additional contribution of FIC to Viva Malls[i]		**77**	80
Franprix-Leader Price sub-group – Acquisition of Sarjel	3.2.2	**-**	(19)
Public tender offer for Cnova N.V. shares		**(3)**	(171)
Other		**(12)**	(7)
Effect on cash and cash equivalents of transactions with non-controlling interests		**232**	**(117)**

(i) See footnote (vii) of the consolidated statement of changes in equity.

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

(€ millions)	Notes	2018	2017
Change in cash and cash equivalents		**377**	**(2,651)**
Additions to borrowings[i]		**(1,542)**	(1,589)
Repayments of borrowings[i]		**1,346**	2,534
Non-cash changes in debt[i]		**452**	388
Change in net assets held for sale attributable to owners of the parent		***624***	*366*
Change in other financial assets		***47***	-
Effect of changes in scope of consolidation		***(225)***	-
Change in fair value hedges		***(60)***	*(92)*
Change in accrued interest		***34***	*109*
Other		***32***	*5*
Effect of applying IFRS 9 at 1 January 2018		**(19)**	-
Effect of movements in exchange rates[i]		**163**	350
Change in debt of discontinued operations		**(71)**	208
Change in net debt		**705**	**(759)**
Net debt at beginning of period		**4,126**	3,367
Net debt at end of period	11.2	**3,421**	4,126

(i) These impacts relate exclusively to continuing operations.

4.10 Reconciliation of net interest paid

(€ millions)	Notes	2018	2017
Net finance costs reported in the income statement	**11.3.1**	**(327)**	**(367)**
Neutralisation of unrealised exchange gains and losses		**4**	(4)
Neutralisation of amortisation of debt issuance/redemption costs and premiums		**27**	23
Capitalised borrowing costs	10.3.3	**(11)**	(14)
Change in accrued interest and in fair value hedges of borrowings[i]		**(35)**	(60)
Non-recourse factoring and associated transaction costs	11.3.2	**(81)**	(83)
Interest paid, net as presented in the statement of cash flows		**(424)**	**(505)**

(i) In 2018, the item includes the impact of unwinding interest rate swaps in France for €59 million (2017: €90 million).

Note 5 Segment information

Accounting principle

In accordance with IFRS 8 – *Operating Segments*, segment information is disclosed on the same basis as the Group's internal reporting system used by the chief operating decision maker (the Chairman and Chief Executive Officer) in deciding how to allocate resources and in assessing performance.

Since 2016, the Group's reportable segments are as follows:

- France Retail: reportable segment comprising retail operating segments (mainly the Casino, Monoprix, Franprix-Leader Price and Vindémia sub-group banners);
- Latam Retail: reportable segment comprising food retailing operating segments in Latin America (mainly the GPA food banners and the Éxito, Disco-Devoto and Libertad sub-group banners);
- E-commerce: reportable segment comprising Cdiscount and the Cnova N.V. holding company.

The operating segments included in France Retail and Latam Retail have similar businesses in terms of product type, assets and human resources required for operations, customer profile, distribution methods, marketing offer and long-term financial performance.

These reportable segments reflect pure retail activities and retail-related activities. Given the dual strategy and the interconnection between retail and real estate, the operating segments include real estate asset management activities, property development activities and energy-related activities.

Management assesses the performance of these segments on the basis of net sales, trading profit (which includes the allocation of holding company costs to all of the Group's business units) and EBITDA. EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring depreciation and amortisation expense.

Segment assets and liabilities are not specifically reported internally for management purposes and are therefore not disclosed in the Group's IFRS 8 segment information.

Segment information is determined on the same basis as the consolidated financial statements.

5.1 Key indicators by reportable segment

(€ millions)	France Retail	Latam Retail	E-commerce	2018
External net sales (Note 6.1)	**19,061**	**15,577**	**1,965**	**36,604**
EBITDA	**914**(i)	**932**(ii)	**19**	**1,865**
Recurring depreciation and amortisation (notes 6.3 and 6.4)	**(335)**	**(288)**	**(33)**	**(656)**
Trading profit/(loss)	**579**(i)	**644**(ii)	**(14)**	**1,209**

(i) Of which €61 million for property development transactions carried out in France.

(ii) Of which BRL 481 million (€111 million) in respect of tax credits recognised by GPA during the period (mainly reversal of the valuation allowance on Assaí's ICMS-ST tax credit following a change in the law – see below).

(€ millions)	France Retail	Latam Retail	E-commerce	2017 (restated)
External net sales (Note 6.1)	18,799	16,782	1,908	37,490
EBITDA	882(i)	1,029(ii)	(10)	1,900
Recurring depreciation and amortisation (notes 6.3 and 6.4)	(345)	(316)	(27)	(688)
Trading profit/(loss)	536(i)	713(ii)	(37)	1,213
Including effect of applying IFRS 15 on net sales	*(104)*	*(141)*	*(87)*	*(332)*
Including effect of applying IFRS 15 on trading profit	*(19)*	*-*	*(10)*	*(30)*

(i) Of which €87 million for property development transactions carried out in France.

(ii) Of which BRL 723 million (€201 million) for ICMS-ST tax credits dating back prior to November 2016 and recognised by GPA during the year as a deduction from "Cost of goods sold". The tax credits were recognised following the publication in April 2017 of the agreement for the enforcement of the October 2016 ruling by Brazil's supreme federal court stipulating that the ICMS-ST tax is not a final tax and should not therefore be included in the basis of assessment of PIS and COFINS taxes, allowing GPA to apply for a refund from the Brazilian state administrations. Recognition of the pre-November 2016 ICMS-ST tax credits of Sendas Distribution (a subsidiary of GPA), in the amount of BRL 369 million (€102 million), had no impact on the consolidated income statement because they are not expected to be recovered and were written down in full.

5.2 Key indicators by geographical area

(€ millions)	France	Latin America	Other regions	Total
External net sales for 2018	**21,022**	**15,568**	**13**	**36,604**
External net sales for 2017 (restated)	20,703	16,782	5	37,490

(€ millions)	France	Latin America	Other regions	Total
Non-current assets as at 31 December 2018(i)	**10,073**	**8,488**	**51**	**18,612**
Non-current assets as at 31 December 2017 (restated)(i)	11,486	8,822	49	20,357

(i) Non-current assets include goodwill, intangible assets and property, plant, and equipment, investment property, investments in equity-accounted investees, contract assets and prepaid expenses beyond one year.

Note 6 Activity data

6.1 Total revenue

Following the first-time adoption of IFRS 15 from 1 January 2018, the Group revised its revenue accounting policy.

Accounting principle

Total revenue:

Total revenue is analysed between "Net sales" and "Other revenue".

"Net sales" include sales by the Group's stores, service stations, e-commerce sites and restaurants, franchise fees, revenues from business leases and financial services revenues.
Most of the amount reported under Group "Net sales" corresponds to revenue included in the scope of IFRS 15.

"Other revenue" consists of revenue from the property development and property trading businesses, rental revenues, miscellaneous service revenues, incidental revenues and revenues from secondary activities, and revenues from the energy business.
The majority of amounts reported under "Other revenue" are included in the scope of IFRS 15, while rental revenues are included in the scope of IAS 17.

Revenue is measured at the contract price, corresponding to the consideration to which the Group expects to be entitled in exchange for the supply of goods or services. The transaction price is allocated to the performance obligations in the contract, which represent the units of account for revenue recognition purposes. Revenue is recognised when the performance obligation is satisfied, i.e., when control of the good or service passes to the customer. Revenue may therefore be recognised at a specific point in time or over time based on the stage of completion.

The Group's main sources of revenue are as follows:

- Sales of goods (including through the property trading business): in this case, the Group generally has only one performance obligation, that of delivering the good to the customer. Revenue from these sales is recognised when control of the good is transferred to the customer upon delivery, i.e., generally:
  - at the checkout for in-store sales;
  - on receipt of the goods by the franchisee or affiliated store;
  - on receipt of the goods by the customer for e-commerce sales.
- Sales of services, for example sales of subscriptions, franchising fees, logistics services, rental revenue and property management services: in this case, for operations included in the scope of IFRS 15, the Group generally has only one performance obligation, to supply the service, and the related revenues are recognised over the period in which the services are performed.
- Property development revenues: in this case, the Group generally has several performance obligations, some of which may be satisfied at a given point in time and others over time based on the project's percentage of completion. Profit from property development activities is generally calculated on a percentage-of-completion basis by reference to the projected margin on completion weighted by the percentage of completion determined by the inputs method.
- Revenues from the energy business, for which the Group generally identifies a performance obligation when the solar power plant is delivered (in exchange for variable consideration in some cases) or when the energy performance contracts are sold. The Group also sells energy services for which the related revenue is recognised when the service is performed.

The vast majority of revenues are recognised at a given point in time.

If settlement of the consideration is deferred for an unusually long time and no promise of financing is explicitly stated in the contract or implied by the payment terms, revenue is recognised by adjusting the consideration for the effects of the time value of money. If significant, the difference between this price and the unadjusted transaction price is recognised in "Other financial income" over the payment deferral period, determined using the effective interest method.

The Group operates loyalty programmes that enable customers to obtain discounts or award credits on their future purchases. Award credits granted to customers under loyalty programmes represent a performance obligation that is separately identifiable from the initial sales transaction. This performance obligation gives rise to the recognition of a contract liability. The corresponding revenue is deferred until the award credits are used by the customer.

Contract assets and liabilities, incremental costs to obtain a contract and costs to fulfil a

contract

▪ A contract asset corresponds to an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. Based on this definition, a receivable does not constitute a contract asset.
The Group recognises a contract asset when it has fulfilled all or part of its performance obligation but does not have an unconditional right to payment (i.e., the Group does not yet have the right to invoice the customer). In light of its business, contract assets recognised by the Group are not material.

▪ A contract liability corresponds to an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.
The Group recognises contract liabilities mainly for award credits granted under its loyalty programmes, advances received and sales for which all or part of the performance obligation has not yet been fulfilled (e.g., sales of subscriptions and gift cards, and future performance obligations of the property development business for which the customer has already been invoiced followed by payment of consideration).

▪ The incremental costs to obtain a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained and which it expects to recover.
The costs to fulfil a contract are costs related directly to a contract that generate or enhance the resources that will be used by the Group in satisfying its performance obligations and which it expects to recover.
For the Group, the costs of obtaining and fulfilling contracts correspond primarily to the costs incurred in connection with its franchising and affiliation business. These costs are capitalised and amortised over the life of the franchise or affiliation contract. The capitalised amounts are tested regularly for impairment.

Contract assets and the costs of obtaining and fulfilling contracts are tested for impairment under IFRS 9.

6.1.1 Breakdown of total revenue

(€ millions)	France Retail	Latam Retail	E-commerce	2018
Net sales	**19,061**	**15,577**	**1,965**	**36,604**
Other revenue	**381**	**151**	**-**	**532**
Total revenue	**19,442**	**15,728**	**1,965**	**37,136**

(€ millions)	France Retail	Latam Retail	E-commerce	2017 (restated)
Net sales	18,799	16,782	1,908	**37,490**
Other revenue	397	158	-	**555**
Total revenue	**19,197**	**16,940**	**1,908**	**38,045**

6.1.2 Incremental costs of obtaining contracts and costs to fulfil contracts, contract assets and liabilities

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)
Incremental costs of obtaining contracts and costs to fulfil contracts	6.8/6.9	**152**	131
Contract assets	6.8/6.9	**10**	12
Right-of return assets included in inventories	6.6	**3**	3
Contract liabilities	6.10	**119**	115

6.2 Cost of goods sold

Following the first-time adoption of IFRS 15 from 1 January 2018, the Group revised its accounting policy concerning the cost of goods sold.

Accounting principle

Gross margin

Gross margin corresponds to the difference between "Net sales" and the "Cost of goods sold".

“Cost of goods sold" comprises the cost of purchases net of discounts, commercial cooperation fees and any tax credits associated with the purchases, changes in retail inventories, amortisation of the incremental costs of obtaining contacts and costs to fulfil contracts, and logistics costs. It also includes property development and property trading business costs and changes in the related inventories.

Commercial cooperation fees are measured based on contracts signed with suppliers. They are billed in instalments over the year. At each year-end, an accrual is recorded for the amount receivable or payable, corresponding to the difference between the value of the services actually rendered to the supplier and the sum of the instalments billed during the year.

Change in inventories

Changes in inventories, which may be positive or negative, are determined after taking into account any impairment losses.

Logistics costs

Logistics costs correspond to the cost of logistics operations managed or outsourced by the Group, comprising all warehousing, handling and freight costs incurred after goods are first received at one of the Group's sites. Transport costs included in suppliers' invoices (e.g., for goods purchased on a "delivery duty paid" or "DDP" basis) are included in “Purchases and change in inventories”. Outsourced transport costs are recognised under "Logistics costs".

(€ millions)	Note	2018	2017 (restated)
Purchases and change in inventories		(26,323)	(27,022)
Logistics costs	6.3	(1,508)	(1,532)
Cost of goods sold		**(27,831)**	**(28,555)**

6.3 Expenses by nature and function

Following the first-time adoption of IFRS 15 from 1 January 2018, the Group revised its accounting policy concerning "Selling expenses".

Accounting principle

Selling expenses
"Selling expenses" consist of point-of-sale costs.

General and administrative expenses
General and administrative expenses correspond to overheads and the cost of corporate units, including the purchasing and procurement, sales and marketing, IT and finance functions.

Pre-opening and post-closure costs
Pre-opening costs that do not meet the criteria for capitalisation and post-closure costs are recognised in operating expense when incurred.

(€ millions)	Logistics costs(i)	Selling expenses	General and administrative expenses	2018
Employee benefits expense	**(548)**	**(3,135)**	**(824)**	**(4,507)**
Other expenses	**(926)**	**(3,066)**	**(448)**	**(4,441)**
Depreciation and amortisation expense (Notes 5.1/6.4)	**(34)**	**(478)**	**(144)**	**(656)**
Total	**(1,508)**	**(6,679)**	**(1,416)**	**(9,604)**

(€ millions)	Logistics costs(i)	Selling expenses	General and administrative expenses	2017 (restated)
Employee benefits expense	(556)	(3,262)	(789)	**(4,607)**
Other expenses	(938)	(3,132)	(444)	**(4,515)**
Depreciation and amortisation expense (Notes 5.1/6.4)	(38)	(507)	(143)	**(688)**
Total	**(1,532)**	**(6,902)**	**(1,376)**	**(9,810)**

(i) Logistics costs are reported under "Cost of goods sold".

A competitiveness and employment tax credit (CICE) was introduced in France, corresponding to a tax credit (refundable if not used within three years) based on a percentage of salaries that do not exceed 2.5x the French minimum wage (SMIC). The rate was 7% in 2017 and 6% for salaries paid as from 1 January 2018 (9% for Vindémia). In 2018, the CICE tax benefit of €78 million (2017: €104 million) was recognised as a deduction from employee benefits expense and the receivable was sold on a no-recourse basis, as in 2017. The CICE has been abolished with effect from 1 January 2019 and replaced by a reduction in social security contributions.

6.4 Depreciation and amortisation

(€ millions)	Notes	2018	2017
Amortisation of intangible assets	10.2.2	**(126)**	(122)
Depreciation of property, plant and equipment	10.3.2	**(522)**	(553)
Depreciation of investment property	10.4.2	**(8)**	(12)
Total depreciation and amortisation expense	**5.1/6.3**	**(656)**	**(688)**

6.5 Other operating income and expenses

Accounting principle

This caption covers two types of items:

- Income and expenses which, by definition, are not included in an assessment of a business unit's recurring operating performance, such as gains and losses on disposals of non-current assets, impairment losses on non-current assets, and income/expenses related to changes in the scope of consolidation (for example, transaction costs and fees for acquisitions of control, gains and losses from disposals of subsidiaries, remeasurement at fair value of previously-held interests).
- Income and expenses arising from major events occurring during the period that would distort analyses of the Group's recurring profitability. They are defined as significant items of income and expense that are limited in number, unusual or abnormal, whose occurrence is rare. Examples include restructuring costs (such as reorganisation costs and the costs of converting stores to new concepts) and provisions and expenses for litigation and risks (including discounting adjustments).

(€ millions)	2018	2017
Total other operating income	**423**	185
Total other operating expenses	**(798)**	(666)
	(375)	**(480)**
Breakdown by type		
Gains and losses on disposal of non-current assets(i)(vi)	**256**	1
Net asset impairment losses(ii)(vi)	**(177)**	(70)
Net income/(expense) related to changes in scope of consolidation(iii)(vi)	**(146)**	(90)
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	**(67)**	**(159)**
Restructuring provisions and expenses(iv)(vi)	**(211)**	(217)
Provisions and expenses for litigation and risks(v)	**(84)**	(92)
Other	**(14)**	(13)
Sub-total	**(308)**	**(321)**
Total net other operating income (expenses)	**(375)**	**(480)**

(i) The net gain on disposal of non-current assets in 2018 primarily concerned the France Retail segment and especially disposals of Monoprix store properties (Note 2).

(ii) The impairment loss recognised in 2018 mainly concerns the France Retail segment. Impairment losses recorded in 2017 mainly concerned individual assets in the France Retail segment for €36 million, the Latam Retail segment (primarily GPA) for €28 million, and the E-commerce segment for €7 million.

(iii) The net expense of €146 million recorded in 2018 resulted primarily from the reclassification to profit or loss, in accordance with IAS 21, of foreign currency translation adjustments accumulated in the foreign currency translation reserve for an amount of €67 million (Note 12.7.2). The €90 million net expense recognised in 2017 resulted mainly from the loss of control of supermarket stores at Distribution Casino France for an amount of €30 million (Note 3.2.1), a net expense related to various changes in scope at Franprix-Leader Price for €9 million, and fees of €31 million.

(iv) Restructuring provisions and expenses in 2018 primarily concerns the France Retail segment for €140 million (including employee costs and store closure costs for €102 million and store transformation costs for €24 million) and the Latam Retail segment (mainly GPA) for €58 million. Restructuring provisions and expenses in 2017 mainly concerned the France Retail segment for €169 million (including employee costs and store closure costs for €113 million and store transformation costs for €54 million) and the Latam Retail segment (mainly GPA) for €38 million.

(v) Provisions and expenses for litigation and risks represent a net expense of €84 million in 2018, including €35 million for tax risks at GPA. The net expense of €92 million in 2017 included €60 million for the tax amnesty programmes in which GPA participated during the period.

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

(€ millions)	Notes	2018	2017
Goodwill impairment losses	10.1.2	**(1)**	(5)
Impairment (losses)/reversals on intangible assets, net	10.2.2	**(12)**	(11)
Impairment (losses)/reversals on property, plant and equipment, net	10.3.2	**(54)**	(54)
Impairment (losses)/reversals on investment property, net	10.4.2	**(1)**	(6)
Impairment (losses)/reversals on other assets, net (IFRS 5 and other)		**(150)**	(11)
Net impairment losses of continuing operations		**(218)**	**(87)**
of which presented under "Restructuring provisions and expenses"		***(24)***	*(11)*
of which presented under "Net impairment (losses)/reversals on assets"		***(177)***	*(70)*
of which presented under "Net income/(expense) related to changes in scope of consolidation"		***(19)***	*(8)*
of which presented under "Gains and losses on disposal of non-current assets"		***4***	*1*

6.6 Inventories

Accounting principle

Inventories are measured at the lower of cost and probable net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions for impairment of inventories is recognised if the probable net realisable value is lower than cost. This analysis takes into account the business unit's operating environment and the type, age, turnover characteristics and sales pattern of the products concerned.

The cost of inventories is determined by the first-in-first-out (FIFO) method, except for inventories held by the GPA sub-group which uses the weighted average unit cost method, primarily for tax reasons. As GPA's inventory turnover rate is very high, inventory values would not be materially different if the FIFO method was applied. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing them to their present location and condition. Accordingly, logistics costs are included in the carrying amount together with supplier discounts deducted from "Cost of goods sold". The cost of inventories also includes gains or losses on cash flow hedges of future inventory purchases initially accumulated in equity.

For its property development and property trading businesses, the Casino Group recognises assets and projects in progress in inventories.

(€ millions)	31 December 2018	31 December 2017 (restated)
Goods	**3,714**	3,736
Property assets	**206**	155
Gross amount	**3,919**	**3,891**
Accumulated impairment losses on goods	**(49)**	(47)
Accumulated impairment losses on property assets	**(27)**	(29)
Accumulated impairment losses	**(76)**	**(76)**
Net inventories (Note 4.2)	**3,843**	**3,815**

6.7 Trade receivables

Following the first-time adoption of IFRS 9 from 1 January 2018, the Group reviewed its accounting policies concerning trade receivables.

Accounting principle

The Group's trade receivables are current financial assets (Note 11) that correspond to an unconditional right to receive consideration. They are initially recognised at fair value and subsequently measured at amortised cost less any impairment losses. The fair value of trade receivables usually corresponds to the amount on the invoice. A loss allowance for expected credit losses is recorded upon recognition of the receivable. The Group applies the simplified approach for the measurement of expected credit losses on all of its trade receivables, which are determined based on credit losses observed for receivables with the same profile, as adjusted to take into account forward-looking factors such as the customer's credit status or the economic environment.
Trade receivables can be sold to banks and continue to be carried as assets in the statement of financial position for as long as the contractual cash flows and substantially all the related risks and rewards are not transferred to a third party.

6.7.1 Breakdown of trade receivables

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)
Trade receivables	11.5.3	**1,030**	1,020
Accumulated impairment losses on trade receivables	6.7.2	**(125)**	(83)
Net trade receivables	4.2	**905**	**937**

6.7.2 Accumulated impairment losses on trade receivables

(€ millions)	2018	2017
Accumulated impairment of trade receivables as at 1 January – reported	**(83)**	**(76)**
Effects of applying IFRS 9 (Note 1.3)	**(49)**	-
Accumulated impairment of trade receivables as at 1 January – restated	**(132)**	**(76)**
Additions	**(76)**	(55)
Reversals	**78**	51
Other (changes in scope of consolidation, reclassifications and foreign exchange differences)	**4**	(2)
Accumulated impairment of trade receivables as at 31 December	**(125)**	**(83)**

The criteria for recognising impairment losses are presented in Note 11.5.3 “Counterparty risk”.

6.8 Other current assets

6.8.1 Breakdown of other current assets

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)
Other receivables		**1,022**	950
Financial assets held for cash management purposes and short-term financial investments	11.2	**37**	31
Financial assets arising from a significant disposal of non-current assets	11.2	**41**	7
Tax and employee-related receivables in Brazil	6.9	**137**	128
Current accounts of non-consolidated companies		**30**	33
Accumulated impairment losses on other receivables and current accounts	6.8.2	**(31)**	(24)
Fair value hedges – assets	11.5.1	**34**	4
Derivatives not qualifying for hedge accounting and cash flow hedges – assets	11.5.1	**6**	-
Incremental costs of obtaining contracts and costs to fulfil contracts	6.1.2	**41**	33
Contract assets	6.1.2	**10**	12
Prepaid expenses		**109**	113
Other current assets		**1,437**	**1,287**

Other receivables primarily include tax and employee-related receivables (excluding Brazil) and receivables from suppliers. Prepaid expenses mainly concern purchases, rent, other occupancy costs and insurance premiums.

6.8.2 Accumulated impairment losses on other receivables and current accounts

(€ millions)	2018	2017
Accumulated impairment losses on other receivables and current accounts as at 1 January – reported	**(24)**	**(29)**
Effects of applying IFRS 9 (Note 1.3)	**(5)**	-
Accumulated impairment losses on other receivables and current accounts as at 1 January – restated	**(29)**	**(29)**
Additions	**(42)**	(8)
Reversals	**38**	5
Other (changes in scope of consolidation, reclassifications and foreign exchange differences)	**2**	8
Accumulated impairment losses on other receivables and current accounts as at 31 December	**(31)**	**(24)**

6.9 Other non-current assets

6.9.1 Analysis of other current assets

(€ millions)	Notes	31 December 2018	31 December 2017 (restated)
Available-for-sale financial assets (AFS)		**-**	40
Financial assets at fair value through profit or loss		**35**	-
Financial assets at fair value through other comprehensive income		**4**	-
Non-current fair value hedges – assets	11.5.1	**67**	94
Other financial assets		**285**	382
Loans		***165***	*172*
Non-hedging derivatives – assets	*11.5.1*	***9***	-
Other long-term receivables[(i)]		***111***	*210*
Tax and employee-related receivables in Brazil (see below)[(ii)]		**618**	439
Legal deposits paid by GPA	13.2	**175**	192
Impairment of other non-current assets	6.9.2	**(48)**	(69)
Incremental costs of obtaining contracts and costs to fulfil contracts	6.1.2	**111**	98
Contract assets	6.1.2	**-**	-
Prepaid expenses		**29**	24
Other non-current assets		**1,275**	**1,199**

(i) The decrease mainly concerns the extinction of a GPA receivable in respect of leases on store properties ("Paes Mendonça receivable"). This receivable was extinguished in September 2018 by offsetting it against the bonus paid when the leases on these stores were renewed for a 30 year-period, which led to the recognition of an intangible asset in the amount of BRL 652 million (€151 million – Note 10.2.2). Following the renewal, BRL 101 million (€23 million) of this amount represented interest and was recognised in "Other financial income" for 2018 (Note 11.3.2).

(ii) The increase in 2018 corresponds primarily to the reversal of the allowance recorded against Assaí's ICMS-ST tax credit (Note 5.1).

GPA has a total of €755 million in tax receivables (of which €618 million in long-term receivables and €137 million in short-term receivables), corresponding primarily to ICMS (VAT) for €519 million, PIS/COFINS (VAT) and INSS (employer social security contributions). GPA expects the main tax receivable (ICMS) to be recovered as follows:

(€ millions)	31 December 2018
Within one year	**78**
In one to five years	**313**
In more than five years	**128**
Total	**519**

GPA recognises ICMS and other tax credits when it has formally established and documented its right to use the credits and expects to use them within a reasonable period. These credits are recognised as a deduction from the cost of goods sold.

6.9.2 Impairment of other non-current assets

(€ millions)	2018	2017
Accumulated impairment losses on other non-current assets as at 1 January – reported	**(69)**	**(40)**
Effects of applying IFRS 9 (Note 1.3)	**-**	-
Accumulated impairment losses on other non-current assets as at 1 January – restated	**(69)**	**(40)**
Additions	**-**	-
Reversals	**-**	2
Other reclassifications and movements	**21**	(31)
Accumulated impairment losses on other non-current assets as at 31 December[(i)]	**(48)**	**(69)**

(i) Corresponding mainly to impairment losses recognised on loans granted by Franprix-Leader Price to master franchisees following inclusion of the share of losses from associates of Casino in certain stores of these master franchisees (Note 3.3.3).

6.10 Other liabilities

(€ millions)	31 December 2018			31 December 2017 (restated)		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Derivative instruments – liabilities (Note 11.5.1)[(i)]	**285**	**2**	**288**	260	17	277
Accrued tax and employee-related liabilities	**135**	**1,383**	**1,518**	166	1,359	1,525
Sundry liabilities	**36**	**833**	**869**	37	712	749
Amounts due to suppliers of non-current assets	**1**	**204**	**205**	-	230	230
Current account advances	**-**	**26**	**26**	-	10	10
Contract liabilities (Note 6.1.2)	**2**	**116**	**119**	8	107	115
Deferred income	**13**	**79**	**91**	18	74	92
TOTAL	**472**	**2,643**	**3,115**	**489**	**2,509**	**2,999**

(i) Primarily comprising the fair value of total return swap (TRS) and forward instruments (Note 11.3.2).

6.11 Off-balance sheet commitments

Accounting principle

At every year-end, Management determines, to the best of its knowledge, that there are no off-balance sheet commitments likely to have a material effect on the Group's current or future financial position other than those described in this note.

The completeness of this information is checked by the Finance, Legal and Tax departments, which also participate in drawing up contracts that are binding on the Group.

Commitments entered into in the ordinary course of business mainly concern the Group's operating activities except for undrawn confirmed lines of credit, which represent a financing commitment.

Off-balance sheet commitments related to the scope of consolidation are presented in Note 3.4.2 and lease commitments in Note 7.

6.11.1 Commitments given

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts that might have to be paid under guarantees issued by the Group. They are not netted against sums which might be recovered through legal action or counter-guarantees received by the Group.

(€ millions)	31 December 2018	31 December 2017
Assets pledged as collateral(i)	**209**	236
Bank guarantees given(ii)	**2,286**	2,088
Guarantees given in connection with disposals of non-current assets	**32**	22
Other commitments	**61**	67
Total commitments given	**2,588**	**2,413**
Expiring:		
Within one year	***170***	*194*
In one to five years	***2,410***	*2,198*
In more than five years	***7***	*21*

(i) Current and non-current assets pledged, mortgaged or otherwise given as collateral. As at 31 December 2018, this concerns GPA for €192 million, mainly in connection with the tax disputes described in Note 13.2 (31 December 2017: €218 million).

(ii) As at 31 December 2018, this amount includes €2,173 million in bank guarantees given by GPA (31 December 2017: €1,937 million) mainly in connection with the tax disputes described in Note 13.2. It also comprises guarantees issued on behalf of joint ventures for €93 million (31 December 2017: €125 million), as described in Note 3.3.7.

6.11.2 Commitments received

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts in respect of commitments received.

(€ millions)	31 December 2018	31 December 2017
Bank guarantees received	**63**	73
Secured financial assets	**89**	72
Undrawn confirmed lines of credit (Note 11.2.4)	**3,404**	3,697
Other commitments	**25**	29
Total commitments received	**3,581**	**3,871**
Expiring:		
Within one year	***419***	*501*
In one to five years	***3,037***	*3,251*
In more than five years	***126***	*120*

Note 7 Leases

Accounting principle

At the inception of an agreement, the Group determines whether the agreement is or contains a lease agreement.
The Group's lease agreements are recognised in accordance with IAS 17 which distinguishes between finance leases and operating leases.

Finance lease agreements

Lease agreements for property, plant and equipment that transfer nearly all the risks and benefits inherent to ownership are classified as finance leases.
Leased assets are initially recorded at the lower of the fair value of the asset and the present value of the minimum lease payments. After initial recognition, the assets are depreciated over their expected useful life in the same way as other assets in the same category, or over the lease term if shorter, unless the Group has a reasonable certainty that it will obtain ownership at the end of the lease.
Minimum finance lease payments are apportioned between the interest expense and the reduction of the outstanding liability. The finance charge is allocated to each period covered by the lease agreement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

The other lease agreements are classified as operating leases and are not recognised in the Group's statement of financial position.
Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term. Incentives received from the lessor are an integral part of the total net rental expense and are recorded as a reduction of the rental expense over the lease term.
Operating lease commitments (Note 7.2) correspond to fixed future minimum payments calculated over the non-cancellable term of operating leases.

7.1 Operating lease expenses

Rental expenses related to operating leases amounted to €987 million in 2018, including €840 million for real estate leases, of which €556 million in the France Retail segment and €193 million in Brazil (2017: €982 million, including €852 million for real estate leases, of which €546 million in the France Retail segment and €222 million in Brazil). This information only concerns continuing operations.

The amount of future operating lease payments and minimum lease payments to be received under non-cancellable sub-leases are presented in Note 7.2.

7.2 Operating lease commitments (off-balance sheet)

REAL ESTATE LEASES WHERE THE GROUP IS LESSEE

The Group has operating leases on properties used in the business that it does not own. Future minimum lease payments, corresponding to the payments due over the non-cancellable term of operating leases plus any lease termination penalties, break down as follows:

(€ millions)	Future minimum lease payments	
	31 December 2018	31 December 2017
Within one year	**688**	643
In one to five years	**1,155**	944
In more than five years	**695**	551
Total[(i)]	**2,538**	**2,139**
of which France	***1,814***	*1,258*
of which GPA Food[(ii)]	***92***	*99*
of which Éxito	***418***	*652*
of which Uruguay	***65***	*67*
of which E-commerce	***147***	*61*

(i) Minimum lease payments of Via Varejo discontinued operations not included in the above table amounted to €231 million as at 31 December 2018 (31 December 2017: €279 million).
(ii) GPA has analysed the lease terms and has concluded that early termination is possible. In this case, the minimum payment would correspond to a termination penalty, generally ranging from one to twelve months' rent.

Future minimum lease payments receivable under non-cancellable sub-leases amounted to €40 million as at 31 December 2018 (31 December 2017: €39 million).

EQUIPMENT LEASES WHERE THE GROUP IS LESSEE

The Group enters into operating leases on certain items of equipment that it does not wish to ultimately own. The future minimum lease payments under non-cancellable operating leases break down as follows:

(€ millions)	Future minimum lease payments	
	31 December 2018	31 December 2017
Within one year	**162**	125
In one to five years	**477**	377
In more than five years	**75**	85
Total[(i)]	**714**	**587**

(i) Primarily in the France Retail segment.

Future minimum lease payments receivable under non-cancellable sub-leases amounted to €14 million as at 31 December 2018 (31 December 2017: €10 million).

OPERATING LEASES WHERE THE GROUP IS LESSOR

The Group is also a lessor through its real estate business. Future minimum lease payments receivable under non-cancellable operating leases break down as follows:

(€ millions)	Future minimum lease payments	
	31 December 2018	31 December 2017
Within one year	**76**	67
In one to five years	**149**	109
In more than five years	**128**	121
Total	**353**	**296**

Contingent rental revenue received by the Group and recorded in the income statement in 2018 amounted to €5 million (2017: €6 million).

7.3 Finance lease expenses

Contingent rental payments under finance leases recorded in the income statement amounted to €5 million in 2018 (2017: €5 million).

Future minimum lease payments under finance leases are presented in Note 7.5.

7.4 Finance leases

The Group's finance leases break down as follows:

(€ millions)	31 December 2018			31 December 2017		
	Gross amount	Accumulated depreciation and amortisation	Net	Gross amount	Accumulated depreciation and amortisation	Net
Intangible assets	**85**	**(60)**	**25**	95	(59)	36
Land	**20**	**(2)**	**18**	26	(2)	24
Buildings	**89**	**(52)**	**37**	156	(97)	59
Equipment and other	**377**	**(363)**	**13**	414	(395)	18
Total	**571**	**(478)**	**93**	**691**	**(554)**	**137**

7.5 Finance lease commitments

The Group's finance leases relate to real-estate assets and investment properties on the one hand and to equipment items on the other. The tables below compare future minimum lease payments under finance leases before and after discounting.

As at 31 December 2018, the Group had lease liabilities of €47 million (Note 11.2), of which €11 million related to real estate assets and €36 million to equipment.

FINANCE LEASES ON REAL ESTATE WHERE THE GROUP IS LESSEE

(€ millions)	31 December 2018		31 December 2017	
	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Within one year	**4**	**2**	5	2
In one to five years	**12**	**4**	15	5
In more than five years	**33**	**6**	39	7
Total future minimum lease payments	**49**	**11**	**59**	**14**
Interest expense	**(38)**		(44)	
Total present value of future minimum lease payments	**11**		**14**	

FINANCE LEASES ON EQUIPMENT WHERE THE GROUP IS LESSEE

(€ millions)	31 December 2018		31 December 2017	
	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Within one year	**12**	**10**	17	15
In one to five years	**26**	**25**	36	34
In more than five years	**-**	**-**	1	1
Total future minimum lease payments	**38**	**36**	**54**	**50**
Interest expense	**(3)**		(4)	
Total present value of future minimum lease payments	**36**		**50**	

Note 8 Employee benefits expense

8.1 Employee benefits expense

Employee benefits expense is analysed by function in Note 6.3.

8.2 Provisions for pensions and other post-employment benefits

Accounting principle

Provisions for pensions and other post-employment benefits

Group companies provide their employees with various employee benefit plans depending on local laws and practice.

- **Under defined contribution plans,** the Group pays fixed contributions into a fund and has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to these plans are expensed as incurred.

- **Under defined benefit plans**, the Group's obligation is measured using the projected unit credit method based on the agreements effective in each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. The actuarial assumptions used to measure the obligation vary according to the economic conditions prevailing in the relevant country. The obligation is measured by independent actuaries annually for the most significant plans and for the employment termination benefit, and regularly for all other plans. Assumptions include expected rate of future salary increases, estimated average years of service, life expectancy and staff turnover rates (based on resignations only).

  Actuarial gains and losses arise from the effects of changes in actuarial assumptions and experience adjustments (differences between results based on previous actuarial assumptions and what has actually occurred). All actuarial gains and losses arising on defined benefit plans are recognised immediately in other comprehensive income.

  Past service cost, corresponding to the increase in the benefit obligation resulting from the introduction of a new benefit plan or modification of an existing plan, is expensed immediately.

  The expense in the income statement comprises:
  - service cost, i.e., the cost of services provided during the year, recognised in trading profit;
  - past service cost and the effect of plan curtailments or settlements, generally recognised in "Other operating income and expenses";
  - interest cost, corresponding to the discounting adjustment to the projected benefit obligation net of the return on plan assets, recorded in "Other financial income and expenses". Interest cost is calculated by applying the discount rate defined in IAS 19 to the net obligation (i.e., the projected obligation less related plan assets) recognised in respect of defined benefit plans, as determined at the beginning of the year.

  The provision recognised in the statement of financial position is measured as the net present value of the obligation less the fair value of plan assets.

Provisions for other in service long-term employee benefits

- **Other in-service long-term employee benefits**, such as jubilees, are also covered by provisions, determined on the basis of an actuarial estimate of vested rights as of the reporting date. Actuarial gains and losses on these benefit plans are recognised immediately in profit or loss.

8.2.1 Breakdown of provisions for pensions and other post-employment benefits and for long-term employee benefits

(€ millions)	31 December 2018			31 December 2017		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Pensions	**318**	**10**	**328**	307	10	**317**
Jubilees	**38**	**1**	**38**	41	1	**41**
Bonuses for services rendered	**11**	**-**	**11**	10	-	**11**
Provisions for pensions and other post-employment benefits and for long-term employee benefits	**366**	**11**	**377**	**358**	**11**	**369**

8.2.2 Presentation of pension plans

DEFINED CONTRIBUTION PLAN

Defined contribution plans are plans in which the company pays regular contributions into a fund. The company's obligation is limited to the amount it agrees to contribute to the fund and it offers no guarantee that the fund will have sufficient assets to pay all of the employees' entitlements to benefits. This type of plan predominantly concerns employees of the Group’s French subsidiaries, who are covered by the general social security system, which is administered by the French government.

In 2018, defined contribution plans represented a cost of €326 million of which 89% concerned the Group's French subsidiaries (2017: €334 million excluding discontinued operations and 87%).

DEFINED BENEFIT PLAN

In certain countries, local laws or conventional agreements provide for the payment of a lump sum to employees either when they retire or at certain times post-retirement, based on their years of service and final salary at the age of retirement.

8.2.3 Main assumptions used in determining total defined benefit obligations (pension plans)

Defined benefit plans are exposed to risks concerning future interest rates, salary increase rates and mortality rates.

The following table presents the main actuarial assumptions used to measure the projected benefit obligation:

	France		International	
	2018	2017	2018	2017
Discount rate	**1.7%**	1.5%	**1.7% - 7.1%**	1.5% - 7.7%
Expected rate of future salary increases	**1.6% - 2.0%**	1.5% - 2.0%	**1.0% - 3.5%**	1.0% - 3.5%
Retirement age	**62 - 65 years**	62 - 65 years	**57 - 65 years**	57 - 65 years

For French companies, the discount rate is determined by reference to the Bloomberg 15-year AA corporate composite index.

SENSITIVITY ANALYSIS

A 50-basis point increase (decrease) in the discount rate would have the effect of reducing the projected benefit obligation by 5.9% (increasing the projected benefit obligation by 6.1%).

A 50-basis point increase (decrease) in the expected rate of salary increases would have the effect of increasing the projected benefit obligation by 6.0% (reducing the projected benefit obligation by 5.8%).

8.2.4 Change in retirement benefit obligations and plan assets

The following tables show a reconciliation of the projected benefit obligations of all Group companies to the provisions recognised in the consolidated financial statements for the years ended 31 December 2018 and 31 December 2017.

(€ millions)		France		International		Total	
		2018	2017	2018	2017	2018	2017
Projected benefit obligation as at 1 January		**326**	**288**	**14**	**14**	**340**	**302**
Items recorded in the income statement		**15**	**16**	**1**	**1**	**16**	**16**
Service cost		**19**	17	**-**	-	**19**	17
Interest cost		**5**	5	**1**	1	**5**	6
Past service cost		**-**	-	**-**	-	**-**	-
Curtailments/settlements		**(9)**	(6)	**-**	-	**(9)**	(6)
Items included in other comprehensive income		**14**	**42**	**(1)**	**-**	**13**	**42**
(1) Actuarial (gains) and losses related to:		**14**	42	**(1)**	1	**13**	43
(i) changes in financial assumptions		***(2)***	*5*	***-***	*-*	***(2)***	*5*
(ii) changes in demographic assumptions(*)		***19***	*34*	***(1)***	*1*	***19***	*34*
(iii) experience adjustments		***(4)***	*3*	***-***	*1*	***(4)***	*4*
(2) Effect of movements in exchange rates		**-**	-	**-**	(1)	**-**	(1)
Other		**(14)**	**(20)**	**(6)**	**(1)**	**(19)**	**(20)**
Paid benefits		**(12)**	(16)	**(1)**	(1)	**(13)**	(16)
Changes in scope of consolidation		**1**	(1)	**-**	-	**1**	(1)
Other movements		**(2)**	(3)	**(5)**	-	**(7)**	(3)
Projected benefit obligation as at 31 December	**A**	**341**	**326**	**8**	**14**	**349**	**340**
Weighted average duration of plans						**17**	**16**

(*) In 2017, the impact was primarily the result of excluding terminations from the calculation of staff turnover rates.

(€ millions)		France		International		Total	
		2018	2017	2018	2017	2018	2017
Fair value of plan assets as at 1 January		**23**	**29**	**-**	**-**	**23**	**29**
Items recorded in the income statement		**-**	**-**	**-**	**-**	**-**	**-**
Interest on plan assets		**-**	-	**-**	-	**-**	-
Items included in other comprehensive income		**-**	**1**	**-**	**-**	**-**	**1**
Actuarial (losses) gains (experience adjustments)		**-**	1	**-**	-	**-**	1
Effect of movements in exchange rates		**-**	-	**-**	-	**-**	-
Other		**(2)**	**(8)**	**-**	**-**	**(2)**	**(8)**
Paid benefits		**(2)**	(8)	**-**	-	**(2)**	(8)
Changes in scope of consolidation		**-**	-	**-**	-	**-**	-
Other movements		**-**	-	**-**	-	**-**	-
Fair value of plan assets as at 31 December	**B**	**21**	**23**	**-**	**-**	**21**	**23**

(€ millions)		France		International		Total	
		2018	2017	2018	2017	2018	2017
NET POST-EMPLOYMENT BENEFIT OBLIGATION	**A-B**	**320**	**303**	**8**	**14**	**328**	**317**
Unfunded projected benefit obligation under funded plans		**91**	**82**	**-**	**-**	**91**	**82**
Projected benefit obligation under funded plans		**112**	104	**-**	-	**112**	104
Fair value of plan assets		**(21)**	(23)	**-**	-	**(21)**	(23)
Projected benefit obligation under unfunded plans		**229**	**221**	**8**	**14**	**201**	**235**

Plan assets consist mainly of units in fixed-rate bond funds.

RECONCILIATION OF PROVISIONS RECORDED IN THE STATEMENT OF FINANCIAL POSITION

(€ millions)	France		International		Total	
	2018	2017	2018	2017	2018	2017
As at 1 January	**303**	**259**	**14**	**14**	**317**	**273**
Expense for the year	**15**	15	**1**	1	**16**	16
Actuarial gains or losses recognised in equity	**14**	41	**(1)**	1	**13**	42
Effect of movements in exchange rates	**-**	-	**-**	(1)	**-**	(1)
Paid benefits	**(10)**	(8)	**(1)**	(1)	**(11)**	(9)
Partial reimbursement of plan assets	**-**	-	**-**	-	**-**	-
Changes in scope of consolidation	**1**	(1)	**-**	-	**1**	(1)
Other movements	**(2)**	(3)	**(5)**	-	**(7)**	(3)
As at 31 December	**320**	**303**	**8**	**14**	**328**	**317**

BREAKDOWN OF EXPENSE FOR THE YEAR

(€ millions)	France		International		Total	
	2018	2017	2018	2017	2018	2017
Service cost	**19**	17	**-**	-	**19**	17
Interest cost[i]	**5**	5	**1**	1	**5**	5
Past service cost	**-**	-	**-**	-	**-**	-
Curtailments/settlements	**(9)**	(6)	**-**	-	**(9)**	(6)
Expense for the year	**15**	**15**	**1**	**1**	**16**	**16**

(i) Reported under "Other financial income and expenses".

UNDISCOUNTED FUTURE CASH FLOWS

(€ millions)	Undiscounted cash flows						
	Statement of financial position	2019	2020	2021	2022	2023	Beyond 2023
Post-employment benefits	328	10	6	11	15	24	988

8.3 Share-based payment

Accounting principle

Share-based payments

Management and selected employees of the Group receive stock options (options to purchase or subscribe for shares) and free shares.

The benefit represented by stock options, measured at fair value on the grant date, constitutes additional compensation. The grant-date fair value of the options is recognised in "Employee benefits expense" over the option vesting period or in "Other operating expenses" when the benefit relates to a transaction that is also recognised in "Other operating income and expenses" (Note 6.5). The fair value of options is determined using the Black & Scholes option pricing model, based on the plan attributes, market data (including the market price of the underlying shares, share price volatility and the risk-free interest rate) at the grant date and assumptions concerning the probability of grantees remaining with the Group until the options vest.

The fair value of free shares is also determined on the basis of the plan attributes, market data at the grant date and assumptions concerning the probability of grantees remaining with the Group until the shares vest. If the free shares are not subject to any vesting conditions, the cost of the plan is recognised in full on the grant date. Otherwise it is deferred and recognised over the vesting period as and when the vesting conditions are met. When free shares are granted to employees in connection with a transaction affecting the scope of consolidation, the related cost is recorded in "Other operating income and expenses".

Free shares are granted to certain company managers and store managers. In certain cases, the shares vest in tranches, subject to the attainment of a performance target for the period concerned. In all cases, the shares are forfeited if the grantee leaves the Group before the end of the vesting period.

8.3.1 Impact of share-based payments on earnings and equity

The total net cost of share-based payment plans recognised in the operating income in 2018 was €21 million (2017: €18 million), including €12 million for Casino, Guichard-Perrachon and €9 million for GPA. The net cost is balanced by a positive impact on equity for €18 million.

8.3.2 Casino, Guichard-Perrachon stock option plans

As at 31 December 2018, no Casino, Guichard-Perrachon stock options were outstanding.

8.3.3 Casino, Guichard-Perrachon free share plans

FREE SHARE PLAN FEATURES AND ASSUMPTIONS

Date of plan	Vesting date	Number of free shares authorised	Number of shares to be delivered as at 31/12/2018	Of which number of performance shares(i)	Share price (€)(ii)	Fair value of the share (€)(ii)
13/12/2018	14/12/2021	32,218	32,218	-	37.10	27.70
13/12/2018	01/12/2020	13,088	13,088	-	37.10	31.46
13/12/2018	01/08/2020	4,144	4,144	-	37.10	30.81
13/12/2018	01/07/2020	2,630	2,630	-	37.10	30.63
15/05/2018	15/05/2023	7,326	7,326	7,326	40.75	17.01
15/05/2018	15/05/2021	1,500	1,500	-	40.75	31.36
15/05/2018	15/05/2021	177,117	146,398	146,398	40.75	18.35
25/04/2018	01/02/2020	11,955	7,477	-	41.89	35.15
25/04/2018	26/04/2019	99,587	99,587	-	41.89	36.28
20/04/2017	20/04/2022	5,666	5,666	5,666	51.00	27.25
20/04/2017	20/04/2020	156,307	106,098	106,098	51.00	28.49
20/04/2017	31/01/2020	245	245	-	51.00	43.17
20/04/2017	20/04/2019	9,555	9,555	-	51.00	46.31
14/10/2016	14/10/2019	20,859	20,859	-	41.96	32.53
14/10/2016	01/07/2019	3,477	3,477	1,159	41.96	32.52
14/10/2016	31/03/2019	870	870	-	41.96	35.68
14/06/2016	14/01/2019	9,780	9,780	-	49.98	43.70
13/05/2016	13/05/2020	7,178	4,085	4,085	53.29	34.45
13/05/2016	13/01/2019	17,610	11,313	-	53.29	43.89
06/05/2014	06/05/2019	3,750	960	960	90.11	69.28
TOTAL		**584,862**	**487,276**	**271,692**		

(i) Performance conditions mainly concern organic sales growth and the level of trading profit or EBITDA of the company that employs the grantee.
(ii) Weighted average.

CHANGES IN FREE SHARES

Free share grants	2018	2017
Unvested shares as at 1 January	**542,580**	**598,634**
Free share rights granted	**349,565**	269,658
Free share rights cancelled	**(124,120)**	(108,114)
Shares issued	**(280,749)**	(217,598)
Unvested shares as at 31 December	**487,276**	**542,580**

8.3.4 Features of GPA stock option plans

- "B Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price is BRL 0.01 per option.
- "C Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price corresponds to 80% of the average of the last 20 closing prices for GPA shares quoted on Bovespa.

Name of plan	Grant date	Exercise period start date	Expiry date	Number of options granted *(thousands)*	Option exercise price *(BRL)*	Number of options outstanding as at 31/12/2018 *(thousands)*
C5 Series	31/05/2018	31/05/2021	30/11/2021	499	62.61	**493**
B5 Series	31/05/2018	31/05/2021	30/11/2021	499	0.01	**493**
C3 Series – Tranche 2	27/04/2018	30/05/2019	30/11/2019	95	56.83	**95**
B3 Series – Tranche 2	27/04/2018	30/05/2019	30/11/2019	95	0.01	**95**
C4 Series	31/05/2017	31/05/2020	30/11/2020	537	56.78	**336**
B4 Series	31/05/2017	31/05/2020	30/11/2020	537	0.01	**335**
C3 Series	30/05/2016	30/05/2019	30/11/2019	823	37.21	**441**
B3 Series	30/05/2016	30/05/2019	30/11/2019	823	0.01	**467**
					26.03	**2,755**

MAIN ASSUMPTIONS USED TO VALUE STOCK OPTIONS

GPA uses the following assumptions to value its plans ("Series" 2, 3, 4 and 5 respectively):

- dividend yield: 1.37%, 2.50%, 0.57% and 0.41%;
- projected volatility: 24.34%, 30.20%, 35.19% and 36.52%;
- risk-free interest rate: 12.72%, 13.25%, 9.28%/10.07% and 9.29%.

The average fair value of outstanding stock options at 31 December 2018 was BRL 45.24.

The table below shows changes in the number of outstanding options and weighted average exercise prices in the years presented:

	2018		2017	
	Number of outstanding options *(thousands)*	Weighted average exercise price *(BRL)*	Number of outstanding options *(thousands)*	Weighted average exercise price *(BRL)*
Options outstanding as at 1 January	**2,539**	**29.48**	**2,394**	**29.21**
Of which exercisable options	**-**	**-**	*169*	*80.00*
Options granted during the period	**1,378**	**30.91**	1,073	28.40
Options exercised during the period	**(697)**	**31.96**	(699)	22.14
Options cancelled during the period	**(229)**	**38.64**	(110)	40.56
Options that expired during the period	**(236)**	**68.62**	(119)	83.33
Options outstanding as at 31 December	**2,755**	**26.03**	**2,539**	**29.48**
Of which exercisable options	**-**	**-**	-	-

8.4 Gross remuneration and benefits of the members of the Group Executive Committee and the Board of Directors

(€ millions)	2018	2017
Short-term benefits excluding social security contributions(i)	**32**	22
Social security contributions on short-term benefits	**5**	4
Termination benefits for key executives	**3**	2
Share-based payments(ii)	**7**	6
Total	**47**	**34**

(i) Gross salaries, bonuses, discretionary and statutory profit-sharing, benefits in kind and directors' fees.
(ii) Expense recognised in the income statement in respect of stock option and free share plans.

The members of the Group Executive Committee are not entitled to any specific supplementary pension benefits.

8.5 Average number of Group employees

Average full-time equivalent employees by category	2018	2017
Managers	**11,624**	11,225
Staff	**180,735**	180,989
Supervisors	**22,099**	22,565
Group total	**214,458**	**214,779**

Note 9 Income tax

Accounting principle

Income tax expense corresponds to the sum of the current taxes due by the various Group companies, adjusted for deferred taxes.
Substantially all qualifying French subsidiaries are members of the tax group headed by Casino, Guichard-Perrachon and file a consolidated tax return.
Current tax expense reported in the income statement corresponds to the tax expense of the parent company of the tax group and of companies that are not members of a tax group.
Deferred tax assets correspond to future tax benefits arising from deductible temporary differences, tax loss carryforwards, unused tax credits and certain consolidation adjustments that are expected to be recoverable.
Deferred tax liabilities are recognised in full for:

- taxable temporary differences, except where the deferred tax liability results from recognition of a non-deductible impairment loss on goodwill or from initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or the tax loss; and
- taxable temporary differences related to investments in subsidiaries, associates and joint ventures, except when the Group controls the timing of the reversal of the difference and it is probable that it will not reverse in the foreseeable future.

Deferred taxes are recognised using the balance sheet approach and in accordance with IAS 12. They are calculated by the liability method, which consists of adjusting deferred taxes recognised in prior periods for the effect of any enacted changes in the income tax rate.
The Group reviews the probability of deferred tax assets being recovered on a periodic basis for each tax entity. This review may, if necessary, lead to the derecognition of deferred tax assets recognised in prior years. The probability for recovery is assessed based on a tax plan indicating the level of projected taxable profits.
The assumptions underlying the tax plan are consistent with those used in the medium-term business plans and budgets prepared by Group entities and approved by management.

The French corporate value-added tax (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE) which is based on the value-added reflected in the separate financial statements, is included in "Income tax expense" in the consolidated income statement.

When payments to holders of equity instruments are deductible for tax purposes, the tax effect is recognised by the Group in the income statement.

9.1 Income tax expense

9.1.1 Analysis of income tax expense

(€ millions)	2018			2017 (restated)		
	France	International	Total	France	International	Total
Current income tax	**(113)**	**(137)**	**(251)**	20	(107)	(87)
Other taxes (CVAE)	**(66)**	**-**	**(66)**	(60)	-	(60)
Deferred taxes	**107**	**5**	**112**	111	(12)	99
Total income tax (expense)/benefit recorded in the income statement	**(72)**	**(133)**	**(204)**	**70**	**(119)**	**(48)**
Income tax on items recognised in "Other comprehensive income" (Note 12.7.2)	**1**	**(1)**	**-**	**19**	**2**	**21**
Income tax on items recognised in equity	**(2)**	**-**	**(2)**	**3**	**-**	**3**

9.1.2 Tax proof

(€ millions)	2018		2017 (restated)	
Profit before tax	**369**		**286**	
Theoretical income tax expense(i)	**(127)**	**-34.43%**	**(99)**	**-34.43%**
Reconciliation of theoretical income tax expense to actual income tax expense				
Impact of differences in foreign tax rates	**9**	**2.4%**	18	6.2%
Recognition of previously unrecognised tax benefits on tax losses and other deductible temporary differences(ii)	**87**	**23.6%**	32	11.1%
Unrecognised deferred tax assets/valuation allowances on recognised deferred tax assets on tax loss carryforwards or other deductible temporary differences(iii)	**(37)**	**-10.0%**	(59)	-20.5%
Change in corporate tax rate(iv)	**(33)**	**-8.9%**	13	4.6%
CVAE net of income tax	**(43)**	**-11.8%**	(40)	-13.8%
Non-deductible interest expense(v)	**(26)**	**-7.0%**	(21)	-7.2%
Non-taxable CICE tax credits(vi)	**27**	**7.3%**	36	12.5%
Non-deductible asset impairment losses	**(40)**	**-10.9%**	(1)	-0.3%
Non-deductible exchange losses(vii)	**(22)**	**-6.0%**	-	-
3% surtax on distributed earnings(viii)	**-**	**-**	54	18.7%
Tax effect of Brazilian dividends(ix)	**18**	**4.8%**	1	0.4%
Other taxes on distributed earnings(x)	**(10)**	**-2.8%**	(5)	-1.7%
Deductible interest on deeply-subordinated perpetual bonds	**17**	**4.5%**	17	6.1%
Taxation of Mercialys shares(xi)	**(6)**	**-1.7%**	14	4.9%
Other	**(17)**	**-4.6%**	(10)	-3.6%
Actual income tax (expense)/benefit / Effective tax rate	**(204)**	**-55.4%**	**(48)**	**-16.8%**

(i) The reconciliation of the effective tax rate paid by the Group is based on the current French rate of 34.43%, unchanged from 2017.

(ii) In 2018, this concerned the E-commerce segment for €39 million and the France Retail segment for €43 million. In 2017, following the review of earnings outlooks and tax options implemented at Segisor (French holding company for the voting shares of its Brazilian subsidiary), tax loss carryforwards in an amount of €153 million were recognised, giving rise to deferred tax assets of €44 million.

(iii) In 2018, this concerned the E-commerce segment for €28 million and the France Retail segment for €9 million. In 2017, this concerned the E-commerce segment for €32 million and the Latam Retail segment for €19 million.

(iv) In 2018, the main impact relates to disposals of Monoprix store properties. In 2017, deferred taxes were measured at the tax rate expected to apply when the temporary differences reverse, taking into account the adoption on 21 December 2017 of the 2018 Finance Act providing for a gradual reduction in the corporate tax rate to 25.825% in 2022 and beyond. This change had a positive impact on deferred taxes of €13 million.

(v) Tax laws in some countries cap the deductibility of interest paid by companies. In France, since the 2012 amended Finance Act, companies are required to add back 25% of interest expense to their taxable profit. The resulting income tax amounts disclosed for the periods presented mainly concern French entities.

(vi) See Note 6.3.

(vii) Corresponding to the non-deductible negative foreign currency translation reserve reclassified to profit or loss (Note 6.5).

(viii) In 2017, the Group recorded a tax benefit of €60 million corresponding to a refund of the tax on distributed earnings received from the French State at the end of the year, including €54 million relating to previous years.

(ix) This concerns dividends paid by Brazilian subsidiaries in the form of interest on equity.

(x) Corresponding to taxation of intra-group dividends.

(xi) In 2017, a deferred tax liability of €10 million was recorded on the taxable temporary difference between the carrying amount of Mercialys shares and their tax basis, in accordance with IAS 12.

9.2 Deferred taxes

9.2.1 Change in deferred tax assets

(€ millions)	2018	2017 (restated)
As at 1 January	**522**	**678**
Effect of applying IFRS 9 as at 1 January 2018	**23**	-
Effect of applying IAS 29 as at 1 January 2018	**(25)**	-
(Expense)/benefit for the year	**78**	150
Impact of changes in scope of consolidation	**5**	2
IFRS 5 reclassifications	**(4)**	-
Effect of movements in exchange rates and other reclassifications	**(46)**	(32)
Changes in deferred tax liabilities recognised directly in equity	**1**	24
As at 31 December	**553**	**522**

The deferred tax benefit, net of deferred tax liabilities (Note 9.2.2) of discontinued operations, was €6 million in 2018 (2017: €46 million).

9.2.2 Change in deferred tax liabilities

(€ millions)	2018	2017 (restated)
As at 1 January	**725**	**1,094**
Expense/(benefit) for the year	**(40)**	(295)
Impact of changes in scope of consolidation	**1**	1
IFRS 5 reclassifications	**(10)**	-
Effect of movements in exchange rates and other reclassifications	**(43)**	(74)
Changes in deferred tax liabilities recognised directly in equity	**3**	(2)
As at 31 December	**636**	**725**

9.2.3 Deferred tax assets and liabilities by source

(€ millions)	Notes	Net	
		31 December 2018	**31 December 2017 (restated)**
Intangible assets		**(660)**	(710)
Property, plant and equipment		**(171)**	(318)
of which finance leases		***(14)***	*(30)*
Inventories		**(9)**	22
Financial instruments		**34**	70
Other assets		**(75)**	(77)
Provisions		**206**	205
Regulated provisions		**(128)**	(141)
Other liabilities		**76**	63
of which finance lease liabilities		***1***	*2*
Tax loss carryforwards and tax credits		**643**	683
Net deferred tax asset (liability)		**(84)**	**(203)**
Deferred tax assets recognised in the statement of financial position	9.2.1	**553**	522
Deferred tax liabilities recognised in the statement of financial position	9.2.2	**636**	725
Net		**(84)**	**(203)**

The tax saving realised by the Casino, Guichard-Perrachon tax group amounted to €399 million in 2018 (2017: €243 million).

Recognised tax loss carryforwards and tax credits mainly concern the Casino Guichard-Perrachon, Éxito and GPA tax groups. The corresponding deferred tax assets have been recognised in the statement of financial position as their utilisation is considered probable in view of the forecast future taxable profits of the companies concerned. At 31 December 2018, deferred tax assets amounted to €305 million for Casino, Guichard-Perrachon, €109 million for Éxito and €45 million for GPA. These amounts are expected to be recovered by 2026 for Casino, Guichard-Perrachon, 2022 for Éxito and 2023 for GPA.

9.2.4 Unrecognised deferred tax assets

At 31 December 2018, unrecognised deferred tax assets for tax loss carryforwards amounted to €400 million, representing an unrecognised deferred tax effect of €106 million (31 December 2017: €501 million, representing an unrecognised deferred tax effect of €133 million). The loss carryforwards mainly concern Cdiscount, the Franprix-Leader Price sub-group and Wilkes.

Expiry dates of unrecognised tax loss carryforwards

(€ millions)	2018	2017
Within one year	**-**	1
In one to two years	**-**	-
In two to three years	**2**	-
In more than three years	**6**	3
Without expiry date	**98**	130
Total	**106**	**133**

Note 10 Intangible assets, property, plant and equipment, and investment property

Accounting principle

The cost of non-current assets corresponds to their purchase cost plus transaction expenses including tax. For intangible assets, property, plant and equipment, and investment property, these expenses are added to the assets' carrying amount and follow the same accounting treatment.

10.1 Goodwill

Accounting principle

At the acquisition date, goodwill is measured in accordance with the accounting principle applicable to "Business combinations", described in Note 3. It is allocated to the cash generating unit (CGU) or groups of cash generating units that benefit from the synergies of the combination, based on the level at which the return on investment is monitored for internal management purposes. Goodwill is not amortised. It is tested for impairment at each year-end, or whenever events or a change of circumstances indicate that it may be impaired. Impairment losses on goodwill are not reversible. The methods used by the Group to test goodwill for impairment are described in the "Impairment of non-current assets" section in Note 10.5. Negative goodwill is recognised directly in the income statement for the period of the business combination, once the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities have been verified.

10.1.1 Breakdown by business line and geographical area

(€ millions)	31 December 2018 Net	31 December 2017 Net
France Retail	**5,494**	**5,594**
Hypermarkets, supermarkets and convenience stores	*1,432*	*1,451*
Franprix-Leader Price	*2,693*	*2,606*
Monoprix	*1,331*	*1,301*
Other	*38*	*237*
E-commerce (France)	**61**	**59**
Latam Retail	**3,134**	**3,378**
Argentina(i)	*66*	*8*
Brazil (GPA Food)	*2,272*	*2,531*
Colombia	*501*	*521*
Uruguay	*296*	*318*
Casino Group	**8,690**	**9,031**

(i) Including revaluations of €61 million in application of IAS 29, following the classification of Argentina as a hyperinflationary economy in 2018.

10.1.2 Movements for the year

(€ millions)	2018	2017
Carrying amount as at 1 January	**9,031**	**9,595**
Goodwill recognised during the year(i)	**121**	41
Impairment losses recognised during the year	**(1)**	(5)
Goodwill written off on disposals	**(4)**	(15)
Effect of movements in exchange rates	**(316)**	(506)
Reclassifications and other movements(ii)	**(142)**	(79)
Carrying amount as at 31 December	**8,690**	**9,031**

(i) The €121 million increase in goodwill as at 31 December 2018 mainly reflects (a) goodwill of €76 million recognised on the acquisition of various sub-groups and individual businesses by Franprix-Leader Price (note 3.1.2) and (b) goodwill of €24 million recognised on the acquisition of Sarenza (Note 3.1.1). The €41 million increase in goodwill as at 31 December 2017 corresponded primarily to goodwill of €32 million recognised on the acquisition of various controlling interests by Franprix-Leader Price (Note 3.2.2).

(ii) In 2018, this line reflects (i) reclassification of assets from the France Retail segment in assets held for sale; and (ii) the remeasurement of goodwill in Argentina for €61 million, in application of IAS 29.

10.2 Other intangible assets

Accounting principle

Intangible assets acquired separately by the Group are initially recognised at cost and those acquired in business combinations are initially recognised at fair value. Intangible assets consist mainly of purchased software, software developed for internal use, trademarks, patents and lease premiums. Trademarks that are created and developed internally are not recognised in the statement of financial position. Intangible assets are amortised on a straight-line basis over their estimated useful lives, as determined separately for each asset category. Capitalised development costs are amortised over three years and software over three to ten years. Indefinite life intangible assets (including lease premiums and purchased trademarks) are not amortised, but are tested for impairment at each year-end or whenever there is an indication that their carrying amount may not be recovered.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and amortisation methods are reviewed at each year-end and revised prospectively if necessary.

10.2.1 Breakdown of other intangible assets

(€ millions)	31 December 2018			31 December 2017		
	Gross amount	Accumulated amortisation and impairment	Net	Gross amount	Accumulated amortisation and impairment	Net
Concessions, trademarks, licences and banners	**1,541**	**(26)**	**1,516**	1,652	(33)	1,618
Lease premiums	**794**	**(17)**	**777**	725	(17)	708
Software	**1,227**	**(824)**	**403**	1,160	(766)	394
Other	**271**	**(61)**	**210**	207	(48)	160
Intangible assets	**3,834**	**(928)**	**2,906**	**3,743**	**(864)**	**2,879**

10.2.2 Movements for the year

(€ millions)	Concessions, trademarks, licences and banners	Lease premiums	Software	Other intangible assets	Total
Carrying amount as at 1 January 2017	**1,777**	**766**	**423**	**142**	**3,109**
Changes in scope of consolidation	-	-	1	(1)	-
Additions and acquisitions	1	12	77	93	183
Assets disposed of during the year	-	(17)	-	(1)	(19)
Amortisation for the year	(2)	-	(110)	(9)	(122)
Impairment (losses)/reversals, net	-	5	(17)	-	(11)
Effect of movements in exchange rates	(158)	(46)	(30)	(2)	(236)
IFRS 5 reclassifications	-	(5)	-	-	(5)
Other reclassifications and movements	-	(6)	50	(63)	(19)
Carrying amount as at 31 December 2017	**1,618(ii)**	**708**	**394**	**160**	**2,879**
Change in scope of consolidation	**6**	**4**	**-**	**3**	**13**
Additions and acquisitions	**1**	**10**	**66**	**135**	**211**
Assets disposed of during the year	**-**	**(13)**	**(1)**	**(2)**	**(15)**
Amortisation for the year	**(1)**	**(2)**	**(109)**	**(14)**	**(126)**
Impairment (losses)/reversals, net	**(6)**	**2**	**(6)**	**(2)**	**(12)**
Effect of movements in exchange rates	**(98)**	**(36)**	**(19)**	**-**	**(153)**
IFRS 5 reclassifications	**(5)**	**(40)**	**-**	**(1)**	**(47)**
Other reclassifications and movements(i)	**1**	**145**	**79**	**(68)**	**157**
Carrying amount as at 31 December 2018	**1,516(ii)**	**777**	**403**	**210**	**2,906**

(i) Including BRL 633 million (€147 million) corresponding to the Paes Mendonça receivable reclassified to “Lease premiums” (Note 6.9.1).
(ii) Including trademarks for €1,515 million (31 December 2017: €1,613 million).

Internally-generated intangible assets (mainly information systems developments) represented €65 million in 2018 (2017: €35 million).

Intangible assets as at 31 December 2018 include trademarks and lease premiums with an indefinite life, carried in the statement of financial position for €1,515 million and €777 million respectively. These assets are allocated to the following groups of CGUs:

(€ millions)	31 December 2018	31 December 2017
Latam Retail	**1,352**	**1,330**
of which Brazil (GPA Food)(i)	***1,166***	*1,135*
of which Colombia	***157***	*164*
of which Uruguay	***28***	*31*
France Retail	**931**	**987**
of which Casino France	***64***	*67*
of which Franprix-Leader Price	***59***	*54*
of which Monoprix(i)	***803***	*860*
E-commerce	**9**	**4**

(i) Trademarks and lease premiums are allocated to the following GPA Food banners in Brazil and Monoprix banners in France:

(€ millions)	31 December 2018		31 December 2017	
	Trademarks	Lease premiums	Trademarks	Lease premiums
GPA Food	**753**	**413(i)**	**842**	**293**
Pão de Açúcar	235	92	262	91
Extra	404	254	452	179
Assaí	115	65	128	22
Other	-	1	-	2
Monoprix	**566**	**237**	**572**	**289**
Monoprix	552	212	552	265
Naturalia	14	25	14	24
Monshowroom	-	-	6	-

(i) The increase corresponds mainly to the BRL 633 million (€147 million) Paes Mendonça receivable reclassified to “Lease premiums” (Note 6.9.1).

Intangible assets were tested for impairment as at 31 December 2018 using the method described in Note 10.5 "Impairment of non-current assets". The test results are presented in the same note.

10.3 Property, plant and equipment

Accounting principle

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.
Subsequent expenditures are recognised in assets if they satisfy the recognition criteria of IAS 16. The Group examines these criteria before incurring the expenditure.

Land is not depreciated. All other items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives for each category of assets, with generally no residual value. The main useful lives are as follows:

Asset category	Depreciation period (years)
Land	-
Buildings (structure)	50
Roof waterproofing	15
Fire protection of the building structure	25
Land improvements	10 to 40
Building fixtures and fittings	5 to 20
Technical installations, machinery and equipment	5 to 20
Computer equipment	3 to 5

"Roof waterproofing" and "Fire protection of the building structure" are classified as separate items of property, plant and equipment only when they are installed during major renovation projects. In all other cases, they are included in the "Building (structure)" category.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and depreciation methods are reviewed at each year-end and revised prospectively if necessary.

10.3.1 Breakdown of property, plant and equipment

(€ millions)	31 December 2018			31 December 2017		
	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
Land and land improvements	**1,226**	**(78)**	**1,148**	1,932	(93)	1,839
Buildings, fixtures and fittings	**3,757**	**(1,468)**	**2,289**	4,479	(1,686)	2,794
Other	**6,989**	**(4,548)**	**2,441**	7,407	(4,750)	2,657
Property, plant and equipment	**11,972**	**(6,094)**	**5,878**	**13,818**	**(6,529)**	**7,289**

10.3.2 Movements for the year

(€ millions)	Land and land improvements	Buildings, fixtures and fittings	Other	Total
Carrying amount as at 1 January 2017	**2,038**	**3,234**	**2,851**	**8,123**
Changes in scope of consolidation	-	-	-	(1)
Additions and acquisitions	40	162	729	931
Assets disposed of during the year	(17)	(105)	(126)	(249)
Depreciation for the year	(4)	(148)	(400)	(553)
Impairment (losses)/reversals, net	1	(30)	(25)	(54)
Effect of movements in exchange rates	(99)	(278)	(141)	(518)
IFRS 5 reclassifications	(80)	(188)	(42)	(310)
Other reclassifications and movements[(i)]	(39)	148	(189)	(80)
Carrying amount as at 31 December 2017	**1,839**	**2,794**	**2,657**	**7,289**
Change in scope of consolidation	**18**	**25**	**34**	**77**
Additions and acquisitions	**18**	**175**	**688**	**881**
Assets disposed of during the year	**(65)**	**(108)**	**(153)**	**(326)**
Depreciation for the year	**(4)**	**(139)**	**(379)**	**(522)**
Impairment (losses)/reversals, net	**(14)**	**26**	**(66)**	**(54)**
Effect of movements in exchange rates	**(56)**	**(169)**	**(88)**	**(314)**
IFRS 5 reclassifications	**(598)**	**(399)**	**(158)**	**(1,155)**
Other reclassifications and movements	**9**	**85**	**(93)**	**1**
Carrying amount as at 31 December 2018	**1,148**	**2,289**	**2,441**	**5,878**

(i) Including €39 million worth of property, plant and equipment in Colombia reclassified as investment property in 2017.

Property, plant and equipment were tested for impairment as at 31 December 2018 using the method described in Note 10.5 "Impairment of non-current assets." The test results are presented in the same note.

10.3.3 Capitalised borrowing costs

Accounting principle

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (typically more than six months) are capitalised in the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds.

Interest capitalised in 2018 amounted to €11 million, reflecting an average interest rate of 6.1% (2017: €14 million at an average rate of 7.7%).

10.4 Investment property

Accounting principle

Investment property is property held by the Group to earn rental revenue or for capital appreciation or both. The shopping malls owned by the Group are classified as investment property.

Subsequent to initial recognition, they are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Investment property is depreciated over the same useful life and according to the same rules as owner-occupied property.

10.4.1 Breakdown of investment property

(€ millions)	31 December 2018			31 December 2017		
	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
Investment property	**603**	**(106)**	**497**	**534**	**(73)**	**460**

10.4.2 Movements for the year

(€ millions)	2018	2017
Carrying amount as at 1 January	**460**	**411**
Change in scope of consolidation	**1**	1
Additions and acquisitions	**59**	130
Assets disposed of during the year	**(1)**	(1)
Depreciation for the year	**(8)**	(12)
Impairment (losses)/reversals, net	**(1)**	(6)
Effect of movements in exchange rates	**(29)**	(50)
IFRS 5 reclassifications	**(7)**	(42)
Other reclassifications and movements(i)	**22**	29
Carrying amount as at 31 December	**497**	**460**

(i) In 2018, including revaluations of investment property held by Libertad for a total of €34 million in application of IAS 29 – *Financial Reporting in Hyperinflationary Economies* (2017: including reclassification of property in Colombia from property, plant and equipment to investment property for €39 million).

As at 31 December 2018, investment property totalled €497 million, of which 69% (€342 million) concerned Éxito. Investment property as at 31 December 2017 amounted to €460 million, of which 70% concerned Éxito.

Amounts recognised in the income statement in respect of rental revenue and operating expenses on investment properties were as follows:

(€ millions)	2018	2017
Rental revenue from investment properties	**99**	100
Directly attributable operating expenses on investment properties		
- that generated rental revenue during the year	**(18)**	(21)
- that did not generate rental revenue during the year	**(31)**	(27)

Fair value of investment property

The main investment properties as at 31 December 2018 were held by Éxito.
As at 31 December 2018, the fair value of investment property was €847 million (31 December 2017: €798 million). For most investment properties, fair value is determined on the basis of valuations carried out by independent valuers. In accordance with international valuation standards, they are based on market value as confirmed by market indicators, representing a level 3 fair value input.
In addition, the fair value of investment property classified as "Assets held for sale" was €24 million as at 31 December 2018 and primarily concerned the France Retail segment (31 December 2017: €56 million).

10.5 Impairment of non-current assets (intangible assets, property, plant and equipment, investment property and goodwill)

Accounting principle

The procedure to be followed to ensure that the carrying amount of assets does not exceed their recoverable amount (recovered by use or sale) is defined in IAS 36.
Intangible assets and property, plant and equipment are tested for impairment whenever there is an indication that their carrying amount may not be recoverable and at least annually, at the end of the year, for goodwill and intangible assets with an indefinite useful life.

Cash Generating Units (CGUs)
A cash generating unit is the smallest identifiable group of assets that includes the asset and that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
The Group has defined its cash generating units as follows:

- for hypermarkets, supermarkets and discount stores, each store is treated as a separate CGU;
- for other networks, each network represents a separate CGU.

Impairment indicators
Apart from the external sources of data monitored by the Group (economic environment, market value of the assets, etc.), the impairment indicators used are based on the nature of the assets:

- land and buildings: loss of rent or early termination of a lease;
- operating assets related to the business (assets of the CGU): ratio of net carrying amount of store assets divided by sales (including VAT) higher than a defined level determined separately for each store category;
- assets allocated to administrative activities (headquarters and warehouses): site closure or obsolescence of equipment used at the site.

Recoverable amount
The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. It is generally determined separately for each asset. When this is not possible, the recoverable amount of the group of CGUs to which the asset belongs is used.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In the retail industry, fair value less costs to sell is generally determined on the basis of a sales or EBITDA multiple.

Value in use is the present value of the future cash flows expected to be derived from continuing use of an asset plus a terminal value. It is determined internally or by external experts on the basis of:

- cash flow projections contained usually in business plans covering three years. Cash flows beyond this projection period are usually estimated over a period of three years by applying a growth rate as determined by management (generally constant);
- a terminal value determined by applying a perpetual growth rate to the final year's cash flow projection.

The cash flows and terminal value are discounted at long-term after-tax market rates reflecting market estimates of the time value of money and the specific risks associated with the asset.

Impairment losses
An impairment loss is recognised when the carrying amount of an asset or the CGU to which it belongs is greater than its recoverable amount. Impairment losses are recorded as an expense under "Other operating income and expenses".

Impairment losses recognised in a prior period are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment losses on goodwill cannot be reversed.

10.5.1 Movements for the year

Net impairment losses recognised in 2018 on goodwill, intangible assets, property, plant and equipment and investment property totalled €68 million (Note 6.5), of which €24 million arose from restructuring operations (mainly in the France Retail segment) and €43 million corresponded to write-downs of individual assets (mainly in the France Retail segment for €41 million and the E-commerce segment for €4 million).

Following the tests carried out in 2017, impairment losses totalling €76 million had been recognised on goodwill, intangible assets and property, plant and equipment, of which €11 million arose from restructuring operations mainly in the France Retail segment and €63 million corresponded to write-downs of individual assets (primarily in the France Retail and Latam Retail segments).

10.5.2 Goodwill impairment losses

Annual impairment testing consists of determining the recoverable amounts of the CGUs or groups of CGUs to which the goodwill is allocated and comparing them with the carrying amounts of the relevant assets. Goodwill arising on the initial acquisition of networks is allocated to the groups of CGUs in accordance with the classifications presented in Note 10.1.1. Some goodwill may also occasionally be allocated directly to CGUs.

Annual impairment testing consists of determining the recoverable amount of each CGU based on value in use, in accordance with the principles described in Note 10.1. Value in use is determined by the discounted cash flows method, based on after-tax cash flows and using the following rates.

Assumptions used in 2018 for internal calculations of values in use

Region	2018 perpetual growth rate(i)	2018 after-tax discount rate(ii)	2017 perpetual growth rate(i)	2017 after-tax discount rate(ii)
France (retailing)	**1.9%**	**5.6%**	1.8%	5.6%
France (other businesses)	**1.9% and 2.4%**	**5.6% and 7.7%**	1.8% and 2.3%	5.6% and 7.0%
Argentina	**4.9%**	**14.4%**	8.8%	15.5%
Brazil(iii)	**5.5%**	**10.1%**	5.5%	9.9%
Colombia(iii)	**3.0%**	**9.0%**	3.0%	8.8%
Uruguay	**6.1%**	**11.2%**	6.1%	11.8%

(i) The inflation-adjusted perpetual growth rate ranges from 0% to 1.5% depending on the nature of the CGU's business/banner and country.
(ii) The discount rate corresponds to the weighted average cost of capital (WACC) for each country. WACC is calculated at least once a year during the annual impairment testing exercise by taking account of the sector's levered beta, a market risk premium and the Group's cost of debt for France and the local cost of debt for subsidiaries outside France.
(iii) As at 31 December 2018, the market capitalisation of the listed subsidiaries GPA, Éxito and Cnova was €4,863 million, €1,490 million and €1,243 million, respectively. With the exception of Cnova, these market capitalisations were less than the carrying amount of the subsidiaries' net assets. Impairment tests on GPA and Éxito goodwill were performed based on their value in use (see below).

No impairment loss was recognised as at 31 December 2018 from the annual goodwill impairment test conducted at the end of the year.

With the exception of Franprix-Leader Price, in view of the positive difference between value in use and carrying amount, the Group believes that on the basis of reasonably foreseeable events, any changes in the key assumptions set out above would not lead to the recognition of an impairment loss. The Group considers reasonably foreseeable changes in key assumptions to be a 100-basis point increase in the discount rate or a 25-basis point decrease in the perpetual growth rate used to calculate terminal value or a 50-basis point decrease in the EBITDA margin for the cash flow projection used to calculate the terminal value.

The recoverable amount of the Franprix-Leader Price CGU was determined by reference to its value in use, calculated from cash flow projections based on three-year financial budgets approved by Senior Management, extrapolation of projections over a period of three years, a terminal value calculated from perpetual capitalisation of notional annual cash flow based on cash flows taken from the last year of forecasts, and a 5.6% discount rate (2017: 5.6%).

The cash flow projections for the budget period were based on the following assumptions:

- optimisation of the Leader Price store base.
- ongoing deployment of a banner strategy based on a balance between integrated management stores and franchisees.
- restoration of the two banners' profitability (EBITDA margins) to a rate in line with the historical average, led by larger product volumes and optimised store and upstream function cost bases.

Management believes that a change in a key assumption could result in a carrying amount greater than the recoverable amount. The table below shows the individual change in each of the key assumptions that would be required for the estimated recoverable amount of the Franprix-Leader Price CGU to be the same as its carrying amount (including €2,693 million in goodwill).

Change required for the Franprix-Leader Price CGU's carrying amount to be the same as its recoverable amount	31 December 2018[(i)]	31 December 2017
After-tax discount rate (5.6%)	**+100 bps**	+90 bps
Perpetual growth rate net of inflation (0%)	**-130 bps**	-110 bps
EBITDA margin used for the annual cash flow projection	**-130 bps**	-125 bps

(i) A reasonable 100-bps increase in the discount rate, and/or a 50-bps decrease in the EBITDA margin used for the cash flow projection, would result in the carrying amount of the Franprix-Leader Price CGU exceeding its recoverable amount by between €0 and €260 million.

10.5.3 Trademark impairment losses

The recoverable amounts of trademarks were estimated at the year-end using the discounted cash flows method. The main trademarks concern GPA. The Extra banner's trademark (representing a carrying amount of €404 million as at 31 December 2018) is the most exposed to a risk of impairment. However, the tests carried out as at 31 December 2018 did not reveal any evidence that the trademark's carrying amount might not be recoverable.

The table below shows the individual change in each of the key assumptions that would be required for the estimated recoverable amount of the Extra trademark to be the same as its carrying amount:

Change required for the Extra trademark's carrying amount to be the same as its recoverable amount	31 December 2018[(i)]
After-tax discount rate (10.1%)	**+100 bps**
Perpetual growth rate net of inflation (1.5%)	**-125 bps**
EBITDA margin used for the annual cash flow projection	**-70 bps**

(i) A 100-bps increase in the discount rate, combined with a 50-bps decrease in the EBITDA margin used for the cash flow projection and a 25-bps decrease in the perpetual growth rate, would result in the carrying amount of the Extra CGU (including the trademark) exceeding its recoverable amount by approximately €280 million.

Note 11 Financial structure and finance costs

Following the first-time application of IFRS 9 from 1 January 2018 (Note 1.3.2), the Group revised its accounting policy for financial instruments.

Accounting principle

Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs in the case of instruments not measured at fair value through profit or loss. Directly attributable transaction costs of financial assets measured at fair value through profit or loss are recorded in the income statement.

Financial assets are classified in the following three categories:
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss.

The classification depends on the business model within which the financial asset is held and the characteristics of the instrument's contractual cash flows.

Financial assets are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

FINANCIAL ASSETS AT AMORTISED COST

Financial assets are measured at amortised cost when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion).
They are subsequently measured at amortised cost, determined using the effective interest method, less any expected impairment losses in relation to the credit risk. Interest income, exchange gains and losses, impairment losses and gains and losses arising on derecognition are all recorded in the income statement.
This category primarily includes trade receivables (except for GPA credit card receivables), cash and cash equivalents as well as other loans and receivables.
Long-term loans and receivables that are not interest-bearing or that bear interest at a below-market rate are discounted when the amounts involved are material.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

This category comprises debt instruments and equity instruments.
- Debt instruments are measured at fair value through OCI when (i) they are not designated as financial assets at fair value through profit or loss, (ii) they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (iii) they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI" criterion). Interest income, exchange gains and losses and impairment losses are recorded in the income statement. Other net gains and losses are recorded in OCI. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss.
  This category mainly consists of GPA credit card receivables.
- Equity instruments that are not held for trading may also be measured at fair value through OCI. This method may be chosen separately for each investment. The choice is irrevocable. Dividends received are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains and losses are recorded in OCI and are never reclassified to profit or loss. At present, the Group's use of this option is non-material.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All financial assets that are not classified as financial assets at amortised cost or at fair value through OCI are measured at fair value through profit or loss. Gain and losses on these assets, including interest or dividend income, are recorded in the income statement.
This category mainly comprises derivative instruments that do not qualify for hedge accounting and investments in non-consolidated companies.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and short-term investments.
To be classified as cash equivalents under IAS 7, investments must be:
- short-term investments;
- highly liquid investments;
- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value.

Usually, the Group uses interest bearing bank accounts or term deposits of less than three months.

Impairment of financial assets

IFRS 9 requires the recognition of lifetime expected credit losses on financial assets. This impairment model applies to financial assets at amortised cost (including cash-based instruments), contract assets and debt instruments at fair value through OCI.
The main financial assets concerned are trade receivables relating to Brazilian credit activities, trade receivables from franchisees and affiliated stores and rent receivables.
For trade and rent receivables and contract assets, the Group applies the simplified approach provided for in IFRS 9. This approach consists of estimating lifetime expected credit losses on initial recognition, usually using a provision matrix that specifies provision rates depending on the number of days that a receivable is past due.
For other financial assets, the Group applies the general impairment model.

Derecognition of financial assets

Financial assets are derecognised in the following two cases:

- the contractual rights to the cash flows from the financial asset have expired; or,
- the contractual rights have been transferred. In this latter case:
  - if substantially all the risks and rewards of ownership of the financial asset have been transferred, the asset is derecognised in full;
  - if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognised in the statement of financial position for its total amount.

Financial liabilities

Financial liabilities are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

The accounting treatment of put options granted to owners of non-controlling interests (“NCI puts”) is described in Note 3.4.1.

Financial liabilities recognised at amortised cost

Borrowings and other financial liabilities at amortised cost are initially measured at the fair value of the consideration received, and subsequently at amortised cost, using the effective interest method. Transaction costs and issue and redemption premiums directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying amount. The costs are then amortised over the life of the liability by the effective interest method.
Within the Group, some loans and other financial liabilities at amortised cost are hedged.
Several subsidiaries have set up reverse factoring programmes with financial institutions to enable their suppliers to collect receivables more quickly in the ordinary course of the purchasing process. The accounting policy for these transactions depends on whether or not the characteristics of the liabilities concerned have been changed. For example, when trade payables are not substantially modified (term and due date, consideration, face value) they continue to be recorded under "Trade payables". Otherwise, they are qualified as financing transactions and included in financial liabilities under "Trade payables – structured programme".

Financial liabilities at fair value through profit or loss

These are mainly derivative instruments (see below). There are no financial liabilities intended to be held on a short-term basis for trading purposes. They are measured at fair value and gains and losses arising from remeasurement at fair value are recognised in the income statement. The Group does not hold any financial liabilities for trading other than derivative instruments at fair value through profit or loss.

Derivative instruments

All derivative instruments are recognised in the statement of financial position and measured at fair value.

Derivative financial instruments that qualify for hedge accounting: recognition and presentation

In accordance with IFRS 9, the Group applies hedge accounting to:

- fair value hedges of a liability (for example, swaps to convert fixed rate debt to variable rate); the hedged item is recognised at fair value and any change in fair value is recognised in profit or loss. Gains and losses arising from remeasurement of the hedge at fair value are also recognised in profit or loss. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative;

- cash flow hedges (for example, swaps to convert floating rate debt to fixed rate or to change the borrowing currency, and hedges of budgeted purchases billed in a foreign currency). For these hedges, the ineffective portion of the change in the fair value of the derivative is recognised in profit or loss and the effective portion is recognised in other comprehensive income and subsequently reclassified to profit or loss on a symmetrical basis with the hedged cash flows in terms of both timing and classification (i.e., in trading profit for hedges of operating cash flows and in net financial income and expense for other hedges). The premium/discount component of forward foreign exchange contracts is treated as a hedging cost. Changes in the fair value of this component are recorded in "Other comprehensive income" and reclassified to profit or loss as part of the cost of the hedged transaction on the transaction date (basis of adjustment method);
- hedges of net investments in foreign operations. For these hedges, the effective portion of the change in fair value attributable to the hedged foreign currency risk is recognised net of tax in other comprehensive

income and the ineffective portion is recognised directly in financial income or expense. Gains or losses accumulated in other comprehensive income are reclassified to profit or loss on the date of liquidation or disposal of the net investment.

Hedge accounting may only be used if:

- the hedging instruments and hedged items included in the hedging relationship are all eligible for hedge accounting;
- the hedging relationship is clearly defined and documented at inception; and
- the effectiveness of the hedge can be demonstrated at inception and throughout its life.

DERIVATIVE FINANCIAL INSTRUMENTS THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING: RECOGNITION AND PRESENTATION

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, successive changes in its fair value are recognised directly in profit or loss for the period under “Other financial income and expenses”.

Definition of net debt

Net debt corresponds to loans and other borrowings including derivatives designed as fair value hedge (liabilities) and trade payables – structured programme, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives designated as fair value hedge (assets), (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to owners of the parent of the selling subsidiary.

11.1 Net cash and cash equivalents

(€ millions)	31 December 2018	31 December 2017
Cash equivalents	**1,184**	1,531
Cash	**2,546**	1,860
Cash and cash equivalents	**3,730**	**3,391**
Bank overdrafts (Note 11.2.4)	**(138)**	(154)
Net cash and cash equivalents	**3,592**	**3,236**

As of December 31, 2018, cash and cash equivalents are not subject to any material restriction. Following the settlement of the debt towards the plaintiffs in the class action against Cnova N.V. (Note 13.3), the €24 million placed in escrow to guarantee the debt was released in 2018.

Bank guarantees are presented in Note 6.11.1.

11.2 Financial liabilities

11.2.1 Breakdown of financial liabilities

Financial liabilities amounted to €9,027 million as at 31 December 2018 (31 December 2017: €8,722 million), breaking down as follows:

(€ millions)	Notes	31 December 2018 Non-current portion	Current portion	Total	31 December 2017 Non-current portion	Current portion	Total
Bonds[(i)]	11.2.3	**5,470**	**939**	**6,409**	6,008	498	6,506
Other borrowings and financial liabilities	11.2.4	**1,311**	**1,257**	**2,568**	1,164	956	2,120
Finance lease liabilities	7.5	**35**	**12**	**47**	47	17	65
Fair value hedges – liabilities[(ii)]	11.5.1	**-**	**3**	**3**	10	22	32
Financial liabilities		**6,817**	**2,211**	**9,027**	**7,229**	**1,493**	**8,722**
Fair value hedges – assets[(iii)]	11.5.1	**(67)**	**(34)**	**(101)**	(94)	(4)	(98)
Other financial assets	6.8.1/6.9.1	**(8)**	**(78)**	**(86)**	-	(38)	(38)
Net assets held for sale attributable to owners of the parent of the selling subsidiary	3.5	**-**	**(1,689)**	**(1,689)**	-	(1,070)	(1,070)
Cash and cash equivalents	11.1	**-**	**(3,730)**	**(3,730)**	-	(3,391)	(3,391)
Cash and cash equivalents, other financial assets and net assets held for sale		**(75)**	**(5,531)**	**(5,606)**	**(94)**	**(4,502)**	**(4,596)**
Net debt		**6,742**	**(3,321)**	**3,421**	**7,136**	**(3,010)**	**4,126**

(i) Of which bond issues totalling €5,491 million in France and €919 million at GPA as at 31 December 2018 (31 December 2017: of which bond issues totalling €5,757 million in France and €749 million at GPA).
(ii) Of which fair value hedges (liabilities) totalling €2 million in Colombia and €1 million in Brazil as at 31 December 2018 (31 December 2017: of which fair value hedges totalling €16 million in Brazil, €10 million in Colombia and €6 million in France).
(iii) Of which fair value hedges (assets) totalling €54 million in France, €20 million in Brazil and €27 million in Colombia as at 31 December 2018 (31 December 2017: of which fair value hedges totalling €89 million in France, €7 million in Brazil and €2 million in Colombia).

BREAKDOWN OF NET DEBT BY OPERATING SEGMENT

(€ millions)	31 December 2018 Debt[(i)]	Cash and cash equivalents	Net assets classified under IFRS 5 attributable to owners of the parent	Net debt	31 December 2017 Debt[(i)]	Cash and cash equivalents	Net assets classified under IFRS 5 attributable to owners of the parent	Net debt
France Retail	**5,933**	**(2,097)**	**(1,126)**	**2,709**	**6,022**	**(1,872)**	**(435)**	**3,715**
Latam Retail	**2,673**	**(1,597)**	**(20)**	**1,056**	**2,326**	**(1,475)**	**(7)**	**845**
of which GPA Food	*1,632*	*(1,000)*	*(8)*	*624*	*1,147*	*(952)*	*(6)*	*189*
of which Éxito[(ii)]	*1,034*	*(596)*	*(12)*	*426*	*1,179*	*(522)*	*(1)*	*655*
Latam Electronics	**-**	**-**	**(543)**	**(543)**	**-**	**-**	**(628)**	**(628)**
E-commerce	**234**	**(36)**	**-**	**199**	**238**	**(44)**	**-**	**194**
Total	**8,840**	**(3,730)**	**(1,689)**	**3,421**	**8,586**	**(3,391)**	**(1,070)**	**4,126**

(i) Financial liabilities net of fair value hedging derivative assets and other financial assets.
(ii) Éxito excluding GPA, including Argentina and Uruguay.

During the first half of 2018, Segisor (Latam Retail segment – GPA Food), the holding company for the GPA shares, entered into a €400 million medium-term bank loan and used the proceeds to distribute the same total amount to Éxito and Casino, Guichard-Perrachon.

11.2.2 Change in financial liabilities

(€ millions)	2018	2017
Financial liabilities at beginning of period	*8,722*	*10,215*
Fair value hedges – assets	*(98)*	*(291)*
Financial liabilities at 1 January (including hedging instruments) (reported)	**8,625**	**9,924**
Effects of applying IFRS 9 (Note 1.3)	*19*	-
Financial liabilities at 1 January (including hedging instruments) (restated)	**8,644**	**9,924**
New borrowings(i)(iii)	**1,542**	1,589
Repayments of borrowings(ii)(iii)	**(1,346)**	(2,534)
Change in fair value of hedged debt	**60**	92
Change in accrued interest	**(34)**	(109)
Foreign currency translation reserves	**(170)**	(352)
Changes in scope of consolidation(iv)	**303**	10
Reclassification of financial liabilities associated with non-current assets held for sale	**54**	(17)
Other and reclassifications(v)	**(127)**	22
Financial liabilities at end of period (including hedging instruments)	**8,926**	**8,625**
Financial liabilities at end of period (Note 11.2.1)	***9,027***	*8,722*
Fair value hedges - assets (Note 11.2.1)	***(101)***	*(98)*

(i) New borrowings in 2018 primarily consisted of the following: (a) a €200 million bond issue by Casino, Guichard-Perrachon (Note 2), (b) at GPA, three bond issues for a total of BRL 2,000 million (€464 million) and new bank loans for BRL 1,168 million (€271 million), (c) a €400 million loan taken out by Segisor and (d) drawdowns on lines of credit by Éxito for COP 500 billion (€143 million).
New borrowings in 2017 mainly included: (a) at GPA, a bond issue in BRL for €300 million along with a promissory notes issue in BRL for €222 million and new borrowings for €132 million; (b) drawdowns on lines of credit and new borrowings at Éxito for €216 million and €493 million, respectively; and (c) the impact of the bond exchange in France for €147 million net of expenses.

(ii) Repayments of borrowings in 2018 mainly concern Casino, Guichard-Perrachon for €516 million (of which (a) the €135 million bond buyback described in Note 2, and (b) redemption of a €348 million bond issue), GPA for €583 million and Éxito for €240 million.
Repayments of borrowings in 2017 primarily concerned Casino, Guichard-Perrachon for €883 million (including (a) redemption of a €552 million bond issue and (b) the €311 million net change in borrowings under the negotiable European commercial paper programme), GPA for €974 million and Éxito for €649 million.

(iii) In 2018, cash flows from financing activities can be summarised as a net disbursement of €227 million; they consist of repayments of borrowings for €1,346 million and net interest paid for €424 million (Note 4.10), offset by new borrowings for €1,542 million.
In 2017, cash flows from financing activities represented a net disbursement of €1,450 million; they consisted of repayments of borrowings for €2,534 million and net interest paid for €505 million (Note 4.10), offset by new borrowings for €1,589 million.

(iv) In 2018, including €198 million and €49 million related to total return swaps (TRS) set up during the year on Mercialys and Via Varejo shares respectively (Note 2).

(v) In 2018, including a €96 million reduction in bank overdrafts.

11.2.3 Breakdown of bonds

(€ millions)	Principal(i)	Nominal interest rate(ii)	Effective interest rate(ii)	Issue date	Maturity date	2018(iii)	2017(iii)
Casino, Guichard Perrachon bonds in euros	**5,338**					**5,491**	**5,757**
2018 bonds	-	F: 5.73	6.47%	May 2010	November 2018	**-**	361
2019 bonds	675	F: 4.41	4.04%	August 2012 April 2013	August 2019	**681**	714
2020 bonds	497	F: 5.24	5.28%	March 2012	March 2020	**507**	559
2021 bonds	850	F: 5.98	6.53%	May 2011	May 2021	**884**	898
2022 bonds	744	F: 1.87	2.55%	June 2017 January 2018	June 2022	**732**	523
2023 bonds	720	F: 4.56	4.47%	January 2013 May 2013	January 2023	**766**	811
2024 bonds	900	F: 4.50	4.88%	March 2014	March 2024	**941**	912
2025 bonds	444	F: 3.58	3.62%	December 2014	February 2025	**451**	449
2026 bonds	508	F: 4.05	4.09%	August 2014	August 2026	**530**	530
GPA bonds in BRL	**921**					**919**	**749**
2019 bonds	-	V: 107.0% CDI	V: 107.0% CDI	September 2014	September 2019	**-(iv)**	227
2019 bonds	228	V: 97.5% CDI	V: 97.5% CDI	December 2016	December 2019	**227**	255
2020 bonds	243	V: 96.0% CDI	V: 96.0% CDI	April 2017	April 2020	**242**	268
2021 bonds	180	V: 104.75% CDI	V: 104.75% CDI	January 2018	January 2021	**180**	-
2021 bonds	158	V: 106.0% CDI	V: 106.0% CDI	September 2018	September 2021	**158**	-
2022 bonds	113	V: 107.4% CDI	V: 107.4% CDI	September 2018	September 2022	**112**	-
Total bonds						**6,409**	**6,506**

(i) Corresponds to the principal of the bonds outstanding as at 31 December 2018.
(ii) F (Fixed rate) - V (Variable rate) - CDI (*Certificado de Depósito Interbancário*). The effective interest rates on Casino, Guichard-Perrachon bonds do not reflect the possible impact of the remeasurement component relating to fair value hedges.
(iii) The amounts above include the remeasurement component relating to fair value hedges. They are presented excluding accrued interest.
(iv) In 2018, GPA decided to anticipate the redemption of its bonds maturing in 2019. In early 2019, these borrowings were refinanced by new bonds with longer maturities and lower interest rates.

11.2.4 Other borrowings

(€ millions)	Principal	Type of rate	Issue date	Maturity date	2018	2017
France						
Negotiable European commercial paper (Casino Guichard-Perrachon)	221	Fixed	(i)	(i)	**221**	210
TRS Mercialys (Casino, Guichard-Perrachon) (Note 2)	198	Variable	July 2018	December 2020	**198**	-
Other Franprix-Leader Price borrowings	75	Variable/Fixed(ii)	2010 to 2016	2019 to 2025	**75**	72
Other(iii)					**25**	24
International						
GPA	227	Variable(iv)/Fixed(v)	June 2013 to September 2017	September 2019 to May 2027	**223**	296
TRS Via Varejo (GPA) (Note 2)	49	Variable(iv)	December 2018	April 2019	**49**	-
Éxito	1,053	Variable(iv)	August 2015 to December 2017	February 2019 to August 2025	**1,048**	1,149
Segisor	400	Variable	June 2018	December 2021	**397**	-
Other					**10**	-
Bank overdrafts(vi)					**138**	154
Accrued interest(vii)					**183**	215
Total other borrowings					**2,568**	**2,120**
Of which variable rate					***1,599***	***1,256***

(i) Negotiable European commercial paper (NEUCP) is short-term financing with a maturity of less than 12 months.
(ii) Of which fixed-rate loans amounting to €12 million as at 31 December 2018 (31 December 2017: €2 million).
(iii) Of which €12 million concerning Cdiscount (31 December 2017: €15 million).
(iv) Most of GPA and Éxito's variable-rate loans pay interest at rates based on the CDI and IBR, respectively.
(v) Of which fixed-rate loans amounting to €8 million as at 31 December 2018 (31 December 2017: €11 million).
(vi) Overdrafts are mostly in France.

(vii) Accrued interest relates to all financial liabilities including bonds. As at 31 December 2018, this accrued interest primarily concerned Casino, Guichard-Perrachon for €159 million and GPA for €19 million (31 December 2017: Casino, Guichard-Perrachon for €164 million and GPA for €44 million).

CONFIRMED BANK CREDIT LINES 2018

(€ millions)	Interest rate	Expiry date		Amount of the facility	Drawdowns
		Within one year	In more than one year		
Casino, Guichard-Perrachon syndicated credit lines(i)	Variable(i)	-	1,855	1,855	-
Casino, Guichard-Perrachon bilateral credit lines	Variable(ii)	175	265	440	-
Other confirmed bank credit lines(iv)	Variable(iii)	225	911	1,136	27
Total		**400**	**3,031**	**3,431**	**27**

(i) Syndicated credit lines comprise a €1,200 million line expiring in February 2021 and a USD 750 million line expiring in July 2022. Interest is based on Euribor (drawdowns in euros) or US Libor (drawdowns in US dollars) for the drawdown period plus a spread that depends on the amount borrowed and the Group's net debt/EBITDA ratio.

(ii) Interest on the bilateral credit lines is based on the Euribor for the drawdown period plus a spread. In some cases, the spread varies depending on the amount borrowed (lines totalling €240 million) and/or the Group's net debt/EBITDA ratio (lines totalling €250 million). For one line, the spread is partially indexed to the Group's Sustainalytics CSR rating.

(iii) Interest on the other lines is based on the reference rate (which depends on the borrowing currency) plus a spread. In some cases, the spread varies depending on the subsidiary's net debt/EBITDA ratio (lines totalling €370 million) and/or the amount borrowed (lines totalling €450 million).

(iv) The other confirmed bank credit lines concern Monoprix (€570 million), GPA (€405 million) and Éxito (€161 million).

11.3 Net financial income (expense)

Accounting principle

Net finance costs

Net finance costs correspond to all income and expenses generated by cash and cash equivalents and financial liabilities during the period, including income from cash and cash equivalents, gains and losses on disposals of cash equivalents, interest expense on financial liabilities, gains and losses on interest rate hedges (including the ineffective portion) and related currency effects, and trade payable – structured programme costs.

Other financial income and expenses

This item corresponds to financial income and expenses that are not included in net finance costs.

It includes dividends received from non-consolidated companies, non-recourse factoring and associated transaction costs, discounting adjustments (including to provisions for pensions and other post-employment benefit obligations), gains and losses arising from remeasurement at fair value of equity derivatives, and impairment losses and realised gains and losses on financial assets other than cash and cash equivalents. Exchange gains and losses are also recorded under this caption, apart from (i) exchange gains and losses on cash and cash equivalents and financial liabilities, which are presented under net finance costs, and (ii) the effective portion of accounting hedges of operating transactions, which are included in trading profit.

Financial discounts for prompt payments are recognised in financial income for the portion corresponding to the normal market interest rate and as a deduction from cost of goods sold for the supplement.

11.3.1 Net finance costs

(€ millions)	2018	2017
Gains (losses) on disposals of cash equivalents	-	-
Income from cash and cash equivalents	37	81
Income from cash and cash equivalents	**37**	**81**
Interest expense on borrowings after hedging	(357)	(439)
Interest expense on finance lease liabilities	(7)	(10)
Finance costs	**(364)**	**(449)**
Net finance costs	**(327)**	**(367)**

11.3.2 Other financial income and expenses

(€ millions)	2018	2017
Investment income	**-**	1
Foreign currency exchange gains (other than on borrowings)	**34**	19
Discounting and accretion adjustments	**2**	2
Gains on remeasurement at fair value of non-hedging derivative instruments(i)	**8**	89
Gains on remeasurement at fair value of financial assets	**2**	-
Impact of applying IAS 29 to operations in Argentina	**-**	-
Other financial income(ii)	**76**	50
Other financial income	**122**	**161**
Foreign currency exchange losses (other than on borrowings)	**(42)**	(25)
Discounting and accretion adjustments	**(7)**	(8)
Losses on remeasurement at fair value of non-hedging derivative instruments(i)	**(52)**	(42)
Losses on remeasurement at fair value of financial assets	**(3)**	-
Non-recourse factoring and associated transaction costs	**(81)**	(83)
Impact of applying IAS 29 to operations in Argentina	**(13)**	-
Other	**(60)**	(81)
Other financial expenses	**(260)**	**(239)**
Total other financial income and expenses	**(138)**	**(78)**

(i) The net loss of €44 million on remeasurement at fair value of non-hedging derivative instruments reported in 2018 mainly reflects (a) fair value adjustments to the GPA TRS (positive adjustment of €5 million) and GPA forward (negative adjustment of €17 million) as well as dividend income (€3 million) and the cost of carry (€14 million) associated with these instruments, and (b) negative impacts related to other derivative instruments (€3 million). The net gain of €47 million on remeasurement at fair value of non-hedging derivative instruments reported in 2017 mainly reflected (a) positive fair value adjustments to the GPA TRS (€32 million) and GPA forward (€51 million), less the cost of carry associated with these instruments (€15 million); and (b) negative fair value adjustments to other derivative instruments (€21 million).

(ii) Including BRL 101 million (€23 million) in interest recognised by GPA on the Paes Mendonça receivable (Note 6.9.1).

GPA TRS and forward

The total return swap (TRS) and forward contracts on GPA shares are cash-settled instruments. The documentation states that when the contracts expire, the shares will be sold on the market by the banking counterparties, and the Group will receive or pay the difference between the sale proceeds and the amount paid by the counterparties to purchase the shares at the contracts' inception. The Group retains the economic benefits of ownership of the shares (exposure to changes in the subsidiaries' share prices and collection of dividends) but does not have legal title to the shares and cannot exercise the related voting rights. Details of the contracts are as follows:

- In December 2011, the Group entered into a 2.5-year TRS with a financial institution on 7.9 million GPA American Depositary Receipts (ADRs). The contract's maturity was extended on 23 December 2016 and again on 27 October 2017. The interest rate is currently set at the 3-month Euribor plus 199 bps and the contract expires in June 2020. This TRS is a derivative instrument measured at fair value through profit or loss. As at 31 December 2018, it related to 7.8 million ADRs (2.9% of GPA's capital) representing a notional amount of €332 million, and had a negative fair value of €172 million (31 December 2017: 7.8 million ADRs, a notional amount of €332 million and a negative fair value of €177 million).

- At the end of December 2012, the Group entered into a 2-year forward contract with a financial institution on 5.8 million GPA shares. On 28 July 2016, the maturity was extended and the notional amount was reduced by USD 105 million (€95 million), resulting in a cash payment made by the Group on the same day. The maturity was extended again in June 2017. The interest rate currently corresponds to the 3-month Libor plus 204 bps and the contract expires in February 2020. This forward is a derivative instrument measured at fair value through profit or loss. As at 31 December 2018, it related to 5.8 million shares (2.2% of GPA's capital) representing a notional amount of USD 239 million (€209 million), and had a negative fair value of €101 million (31 December 2017: 5.8 million shares, a notional amount of USD 239 million (€199 million) and a negative fair value of €83 million).

These instruments' fair value is determined based on the estimated settlement price on 31 December, using the share price on that date. The instruments had a negative fair value of €272 million as at 31 December 2018 (31 December 2017: negative fair value of €260 million) (Note 11.5.1).
A 10% increase in the share price would have reduced the loss for the period by €25 million. A 10% decline in the share price would have produced the opposite effect.

11.4 Fair value of financial instruments

Accounting principle

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in an active market is the quoted price on the reporting date. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are classified as Level 1.

The fair value of financial instruments which are not quoted in an active market (such as over-the-counter derivatives) is determined using valuation techniques. These techniques use observable market data wherever possible and make little use of the Group's own estimates. If all the inputs required to calculate fair value are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

11.4.1 Financial assets and liabilities by category of instrument

FINANCIAL ASSETS

The tables below analyse financial assets according to the new measurement categories used as from 1 January 2018 under IFRS 9 and the original categories used in 2017 under IAS 39. The corresponding reclassifications are presented in Note 1.3.2.
In 2017, the Group did not hold any assets that would have been classified in the categories "financial assets at fair value through profit or loss" or "held-to-maturity financial assets".

(€ millions)	Total financial assets	Breakdown by category of instrument			
		Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income (OCI)	Hedging instruments	Financial assets at amortised cost
As at 31 December 2018					
Other non-current assets(i)	**367**	**44**	**4**	**67**	**252**
Trade receivables	**905**	**-**	**28**	**-**	**877**
Other current assets(i)	**973**	**-**	**7**	**40**	**927**
Cash and cash equivalents	**3,730**	**17**	**-**	**-**	**3,713**

(€ millions)	Total financial assets	Breakdown by category of instrument				
		Held-for-trading financial assets	Hedging instruments	Loans and receivables	AFS – measured at fair value	AFS – measured at cost
As at 31 December 2017 (restated)						
Other non-current assets(i)	**703**	-	94	573	32	4
Trade receivables(ii)	**937**	-	-	937	-	-
Other current assets(i)(ii)	**795**	-	4	791	-	-
Cash and cash equivalents	**3,391**	4	-	3,386	-	-

(i) Excluding non-financial assets.
(ii) Trade receivables and other financial assets have been restated to reflect the retrospective application of IFRS 15.

Financial liabilities

The following table shows financial liabilities by category.

(€ millions)	Total financial liabilities	Breakdown by category of instrument		
		Liabilities at amortised cost	NCI Puts	Derivative instruments
As at 31 December 2018				
Bonds	**6,409**	**6,409**	**-**	**-**
Other borrowings and financial liabilities	**2,571**	**2,568**	**-**	**3**
Put options granted to owners of non-controlling interests	**188**	**-**	**188**	**-**
Finance lease liabilities	**47**	**47**	**-**	**-**
Trade payables	**6,688**	**6,688**	**-**	**-**
Other liabilities(i)	**2,083**	**1,796**	**-**	**287**

(€ millions)	Total financial liabilities	Breakdown by category of instrument		
		Liabilities at amortised cost	NCI Puts	Derivative instruments
As at 31 December 2017 (restated)				
Bonds	**6,506**	6,506	-	-
Other borrowings and financial liabilities	**2,152**	2,120	-	32
Put options granted to owners of non-controlling interests	**171**	-	171	-
Finance lease liabilities	**65**	65	-	-
Trade payables(ii)	**6,664**	6,664	-	-
Other liabilities(i)	**2,086**	1,809	-	277

(i) Excluding non-financial liabilities.
(ii) Trade payables have been restated to reflect the retrospective application of IFRS 15.

11.4.2 Fair value hierarchy for assets and liabilities

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. The fair value of investment property is presented in Note 10.4 and the fair value of Via Varejo's net assets held for sale in Note 3.5.2.

As at 31 December 2018 (€ millions)	Carrying amount	Fair value	Fair value hierarchy: Market price = Level 1	Models with observable inputs = Level 2	Models with unobservable inputs = Level 3
Assets	**189**	**189**	**11**	**135**	**44**
Financial assets at fair value through profit or loss(i)	35	35	1	-	34
Financial assets at fair value through other comprehensive income(i)	38	38	10	28	-
Fair value hedges – assets(ii)	101	101	-	101	-
Cash flow hedges and net investment hedges – assets(ii)	6	6	-	6	-
Other derivative instruments – assets	9	9	-	-	9
Liabilities	**9,503**	**8,980**	**5,180**	**3,612**	**188**
Bonds(iii)	6,409	6,087	5,180	907	-
Other borrowings and finance lease liabilities(iv)	2,615	2,414	-	2,414	-
Fair value hedges – liabilities(ii)	3	3	-	3	-
Cash flow hedges and net investment hedges – liabilities(ii)	15	15	-	15	-
Other derivative instruments – liabilities(ii)	273	273	-	273	-
Put options granted to owners of non-controlling interests(v)	188	188	-	-	188

As at 31 December 2017 (€ millions)	Carrying amount	Fair value	Fair value hierarchy: Market price = Level 1	Models with observable inputs = Level 2	Models with unobservable inputs = Level 3
Assets	**130**	**130**	**-**	**98**	**32**
Available-for-sale financial assets(i)	32	32	-	-	32
Fair value hedges – assets(ii)	98	98	-	98	-
Other derivative instruments – assets	-	-	-	-	-
Liabilities	**9,170**	**9,701**	**6,288**	**3,242**	**171**
Bonds(iii)	6,506	7,040	6,288	752	-
Other borrowings and finance lease liabilities(iv)	2,184	2,181	-	2,181	-
Fair value hedges – liabilities(ii)	32	32	-	32	-
Other derivative instruments – liabilities(ii)	277	277	-	277	-
Put options granted to owners of non-controlling interests(v)	171	171	-	-	171

(i) The fair value of financial assets at fair value (presented in 2017 in the category "available-for-sale financial assets") is generally measured using standard valuation techniques. If their fair value cannot be determined reliably, they are not included in this note.
(ii) 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.
(iii) The fair value of bonds is based on the latest quoted price on the reporting date.
(iv) 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.
(v) 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 profit multiples (Note 3.4.1).

11.5 Financial risk management objectives and policies

The main risks associated with the Group's financial instruments are market risks (foreign currency risk, interest rate risk and equity risk), counterparty risk and liquidity risk.

Financial risk monitoring and management is the responsibility of the Corporate Finance department, which is part of the Group Finance department. This team manages all financial exposures in coordination with the finance departments of the Group's main subsidiaries and reports to Senior Management. It has issued a Good Financial Practice Guide governing all financing, investment and hedging transactions carried out by Group entities.

Financing, short-term investment and financial risk management policies are overseen by the Corporate finance department in coordination with the subsidiaries' finance departments, using a conservative and pro-active approach particularly with respect to counterparty and liquidity risk management. Major transactions are monitored individually.

The Group Corporate Finance department has issued a guide to financing, investment and hedging best practices which is distributed to subsidiary Finance departments. The guide sets out financing methods, selection criteria for banking partners, appropriate hedging products and required authorisation levels.

The French and international business units' cash positions and forecasts are reported weekly and continuously monitored. The Group's other financial risk exposures, such as interest rate risk, currency risk on financial transactions and banking counterparty risk, are measured and analysed in monthly reports to Senior Management that also include action plans for dealing with any material identified risks.

The Group manages its exposure to interest rate risks and foreign currency risks using standard derivative financial instruments such as interest rate swaps and options (caps, floors, swaptions), currency swaps, forward currency contracts and currency options. These instruments are mainly over-the-counter instruments contracted with first-tier bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting.
Like many other large corporates, the Group may take very small, strictly controlled positions that do not qualify for hedge accounting, for more dynamic and flexible management of its interest rate and currency exposures.

11.5.1 Breakdown of derivative financial instruments

The table below shows a breakdown of derivative financial instruments by type of hedged risk and accounting classification:

(€ millions)	Note	2018	Interest rate risk	Foreign currency risk	Other market risks	2017
Derivatives – assets						
Derivatives at fair value through profit or loss	6.8.1 - 6.9	**9**	**-**	**-**	**9**	-
Cash flow hedges	6.8.1	**6**	**-**	**6**	**-**	-
Fair value hedges	6.8.1 - 6.9 - 11.2	**101**	**56**	**45**	**-**	98
Total derivatives – assets		**116**	**56**	**51**	**9**	**98**
of which non-current		***76***	***52***	***15***	***9***	*94*
of which current		***40***	***4***	***36***	***-***	*4*
Derivatives – liabilities						
Derivatives at fair value through profit or loss	6.10	**273**	**1**	**-**	**272**	260
Cash flow hedges	6.10	**15**	**13**	**2**	**-**	17
Fair value hedges	11.2	**3**	**2**	**1**	**-**	32
Total derivatives – liabilities		**291**	**16**	**3**	**272**	**309**
of which non-current		***286***	***14***	***-***	***272***	*270*
of which current		***5***	***2***	***3***	***-***	*39*

As at 31 December 2018, derivatives held as fair value hedges (on a notional amount of €5,261 million) had a positive net fair value of €98 million. The total included (i) interest rate hedges in France on a notional amount of €4,663 million with a positive fair value of €53 million and (ii) currency and interest rate hedges in Brazil on a notional amount of €199 million with a positive fair value of €19 million, and in Colombia on a notional amount of €399 million with a positive fair value of €25 million. All the currency and interest rate derivatives are backed by bank borrowings or bonds denominated either in the same currency or in a currency other than the borrower entity's functional currency. The ineffective portion of these fair value hedges is not material.

As at 31 December 2018, the cash flow hedge reserve included in equity had a debit balance of €8 million (31 December 2017: debit balance of €16 million after tax). These derivatives concern operations in France and Colombia. In France, they hedge goods purchases billed in currencies other than the euro (mainly the US dollar). Their notional amount as at 31 December 2018 was USD 159 million (€143 million – Note 11.5.2). In Colombia, the notional amount hedged by the derivatives is €73 million. Both France and Colombia apply cash flow hedge accounting regarding the hedging of interest rates on variable rate borrowings for notional amounts of €2,849 million and €513 million, respectively, at 31 December 2018. The ineffective portion of these cash flow hedges is not material.

Derivative instruments that do not qualify for hedge accounting under IFRS 9 had a negative fair value of €263 million at 31 December 2018 (31 December 2017: negative fair value of €260 million), including TRSs and forward contracts on GPA shares with a negative fair value of €272 million (31 December 2017: negative fair value of €260 million) (Note 11.3.2).

The fair value calculation as at 31 December 2018 takes into account the credit valuation adjustment (CVA) and the debit valuation adjustment (DVA) in accordance with IFRS 13. The impact of these adjustments is not material.

11.5.2 Market risk

INTEREST RATE RISK

The Group's objective is to manage its exposure to the risk of interest rate changes and optimise its financing cost. Its strategy therefore consists of dynamic debt management by monitoring and, where necessary, adjusting its hedging ratio based on forecast trends in interest rates.

Interest rate risks are managed using various vanilla instruments. The main instruments are interest rate swaps and options (caps, floors and swaptions). These instruments do not always qualify for hedge accounting; however all interest-rate instruments are contracted in line with the above risk management policy.

Specifically, Casino, Guichard-Perrachon's debt is mainly composed of fixed-rate bonds (representing a principal amount of €5,338 million as at 31 December 2018 – Note 11.2.3). This bond debt may be hedged through fixed-to-variable rate swaps generally contracted at the issue date; all of these hedges qualify for hedge accounting.

As at 31 December 2018, Casino, Guichard-Perrachon had a portfolio of 68 interest rate swaps and options with a dozen bank counterparties. These instruments expire at various dates between 2019 and 2026.
As at 31 December 2018, 66% of Casino, Guichard-Perrachon’s bond debt (€3,524 million) was hedged – including 31% at fixed rates (€1,677 million) and 35% at capped variable rates (€1,847 million) – and 34% was at variable rates (€1,814 million).

SENSITIVITY TO A CHANGE IN INTEREST RATES

Sensitivity to rate changes is calculated as shown in the table below.

(€ millions)	Notes	31 December 2018	31 December 2017
Casino, Guichard-Perrachon variable-rate bonds(i)		**1,814**	2,672
Casino, Guichard Perrachon capped variable-rate bonds(i)		**1,847**	900
Brazil variable-rate bonds(ii)	11.2.3	**921**	753
Other variable-rate borrowings and financial liabilities(iii) (iv) (v)	11.2.4	**1,599**	1,256
Finance lease liabilities	7.5	**47**	65
Total variable-rate bonds, other borrowings and financial liabilities		**6,227**	**5,646**
Cash and cash equivalents	11.1	(3,730)	(3,391)
Net variable-rate position		**2,497**	**2,255**
100-bps change in interest rates		**13**	17
Net finance costs	11.3.1	**327**	367
Impact of change on net finance costs		**3.9%**	**4.6%**

(i) Corresponding to fixed-rate bonds representing a principal amount of €5,338 million (31 December 2017: €5,614 million) (Note 11.2.3), including a principal amount of €3,660 million (31 December 2017: €3,572 million) swapped for variable rate debt, of which €1,847 million is hedged by interest rate options.
(ii) Principal amount.
(iii) Excluding accrued interest.
(iv) Including borrowings in Brazil originally denominated in BRL, USD or euros for BRL 974 million (€219 million) swapped for variable rate debt in BRL by means of cross-currency swaps where applicable (31 December 2017: BRL 1,137 million, representing €286 million).
(v) Including borrowings in Colombia originally denominated in COP or USD for COP 1,860 billion (€499 million), swapped for variable rate debt in COP by means of cross-currency swaps where applicable (31 December 2017: COP 2,581 billion, representing €721 million, swapped for variable rate debt).

Assuming the net debt structure and management policy are constant, a 100-bps annual increase (decrease) in rates across the yield curve would lead to a 3.9% or €13 million increase (2.0% or €7 million decrease) in finance costs. For the purposes of the analysis, all other variables, particularly exchange rates, are assumed to be constant.

EXPOSURE TO FOREIGN CURRENCY RISK

Due to its geographically diversified business base, the Group is exposed to both currency translation risk on the translation of the balance sheets and income statements of subsidiaries outside the euro zone and to transaction risk on transactions denominated in currencies other than the euro.
Translation risk (or balance sheet currency risk) is the risk of an unfavourable change in the exchange rates used to translate the financial statements of subsidiaries located outside the euro zone into euros for inclusion in the consolidated financial statements adversely affecting the amounts reported in the consolidated statement of financial position and income statement, leading to a deterioration of the Group's financial structure ratios.
Transaction risk is the risk of an unfavourable change in exchange rates that adversely affects a cash flow denominated in foreign currency.

The Group's policy for managing transaction risk is to hedge highly probable budgeted exposures, which mainly concern cash flows arising from purchases made in a currency other than the buyer's functional currency and particularly purchases in US dollars which are hedged using forward contracts. These instruments are mainly over-the-counter instruments contracted with first-tier bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting.
As a general principle, budgeted purchases are hedged using instruments with the same maturities as the underlying transactions.
Currency risks on debts denominated in a currency other than the borrower's functional currency are systematically hedged, except where the debt represents a designated and documented hedge of a net investment in a foreign operation.

The Group's net exposure based on notional amounts after hedging mainly concerns the US dollar (excluding the functional currencies of entities), as shown below:

(€ millions)	Total exposure 2018	Of which USD	Total exposure 2017
Exposed trade receivables	**(33)**	**(15)**	(36)
Exposed other financial assets	**(117)**	**(82)**	(134)
Exposed derivatives at fair value through profit or loss	**272**	**272**	260
Exposed trade payables	**226**	**197**	187
Exposed financial liabilities	**616**	**616**	621
Exposed other financial liabilities	**-**	**-**	25
Gross exposure payable/(receivable)	**964**	**989**	**923**
Hedged other financial assets	**-**	**-**	-
Hedged trade payables	**111**	**106**	90
Hedged financial liabilities	**614**	**614**	620
Net exposure payable/(receivable)	**240**	**270**	**214**
Hedges of future purchases	**143**	**143**	**256**
Exposed put options granted to owners of non-controlling interests(i)	**117**	**117**	**119**

(i) Changes in fair value of put options granted to owners of non-controlling interests (including the effect of movements in exchange rates) have no impact on profit or loss, because the puts are treated as transactions between owners and changes in their fair value are therefore recorded directly in equity (Note 3.4.1).

As at 31 December 2017, the net statement of financial position exposure of €214 million mainly concerned the US dollar.

SENSITIVITY OF NET EXPOSURE AFTER FOREIGN CURRENCY HEDGING

A 10% appreciation of the euro as at 31 December 2018 and 2017 against the currencies included in the Group's exposure would lead to an increase in profit for the amounts indicated in the table below.
For the purposes of the analysis, all other variables, particularly interest rates, are assumed to be constant.

(€ millions)	2018	2017
US dollar	**27**	26
Other currencies	**(3)**	(4)
Impact on net financial income (expense)	**24**	**21**

A 10% decline in the euro against those currencies as at 31 December 2018 and 2017 would have produced the opposite effect.

SENSITIVITY TO TRANSLATION RISK

A 10% appreciation of the euro compared to the Group’s other main currencies would have the following impact on the translation into euros of the sales, profit and equity of subsidiaries whose functional currency is not the euro:

(€ millions)	2018		2017 (restated)	
	Brazilian real	Colombian peso	Brazilian real	Colombian peso
Total revenue	**(1,042)**	**(292)**	(1,125)	(302)
Trading profit	**(45)**	**(11)**	(50)	(11)
Net profit	**(21)**	**(2)**	(21)	(1)
Equity	**(590)**	**(75)**	(650)	(51)

A 10% decline in the euro against those currencies would have produced the opposite effect.
For the purposes of the analysis, all other variables are assumed to be constant.

Breakdown of cash and cash equivalents by currency

(€ millions)	2018	%	2017	%
Euro	**1,931**	**52%**	1,175	35%
US dollar	**100**	**3%**	100	3%
Brazilian real	**1,109**	**30%**	1,580	47%
Colombian peso	**530**	**14%**	468	14%
Uruguayan peso	**28**	**1%**	29	1%
Other currencies	**32**	**1%**	37	1%
Cash and cash equivalents	**3,730**	**100%**	**3,391**	**100%**

Exchange rates against the euro

Exchange rates against the euro	2018		2017	
	Closing rate	Average rate	Closing rate	Average rate
Brazilian real (BRL)	**4.4440**	**4.3096**	3.9729	3.6054
Colombian peso (COP)	**3,726.09**	**3,487.48**	3,580.94	3,336.06
Argentine peso (ARS)(i)	**43.0451**	**43.0451**	22.3333	18.7530
Uruguayan peso (UYP)	**37.1753**	**36.2481**	34.4626	32.3625
US dollar (USD)	**1.1450**	**1.1806**	1.1993	1.1297
Polish zloty (PLN)	**4.3014**	**4.2617**	4.1770	4.2570

(i) In accordance with IAS 29, the financial statements of Libertad have been translated at the year-end exchange rate.

Equity risk

As at 31 December 2018, the Group did not hold any significant investments in any listed companies other than its listed subsidiaries or treasury shares.

The Group may use derivative instruments (e.g., total return swaps, forward contracts, puts and calls) on equities to build a synthetic exposure to the shares of its listed subsidiaries (Note 11.3.2) or a synthetic hedge of a financial exposure to a fall in stock prices. The carrying amount of these instruments corresponds to their estimated value as provided by a financial institution on the reporting date. These values take account of market data such as exchange rates, share prices and interest rates.

In addition, the Group does not hold any options or any derivatives backing its own shares. Its policy as regards cash management is to invest only in money market instruments that are not exposed to equity risk.

11.5.3 Counterparty risk

The Group is exposed to various aspects of counterparty risk through its operating activities, cash deposits and interest rate and currency hedging instruments. It monitors these risks regularly using several objective indicators, and diversifies its exposure by dealing with the least risky counterparties (based mainly on their credit ratings and their reciprocal commitments with the Group).

Counterparty risk related to trade receivables

Customer credit risk:
Group policy consists of checking the financial health of all customers applying for credit payment terms. Customer receivables are regularly monitored; consequently, the Group's exposure to bad debts is not material.

Trade receivables break down as follows by maturity:

(€ millions)	Receivables not yet due, not impaired	Past-due receivables on the reporting date, not impaired				Impaired receivables	Total
		Up to one month past due	Between one and six months past due	More than six months past due	Total		
31 December 2018	**690**	**89**	**46**	**49**	**184**	**156**	**1,030**
31 December 2017	728	69	36	34	**139**	**153**	**1,020**

COUNTERPARTY RISK RELATED TO OTHER ASSETS

Credit risk on other financial assets – mainly comprising cash and cash equivalents, equity instruments, loans, legal deposits paid by GPA and certain derivative financial instruments – corresponds to the risk of failure by the counterparty to fulfil its obligations. The maximum risk is limited and equal to the instruments' carrying amount. The Group's cash management policy consists of investing cash and cash equivalents with first-tier counterparties and in first-tier rated instruments.

11.5.4 Liquidity risk

The Group's liquidity policy is to ensure, to the extent possible, that it always has sufficient liquid assets to settle its liabilities as they fall due, in either normal or impaired market conditions.
The main methods used consist of:

- diversifying sources of financing to include capital markets, private placements, banks (confirmed and unconfirmed facilities), negotiable European commercial paper (NEU CP) programmes and discounting facilities;
- diversifying financing currencies to include the euro, the Group's other functional currencies and the US dollar;
- maintaining a level of confirmed financing facilities significantly in excess of the Group's payment obligations at all times;
- limiting the amount of annual repayments and proactively managing the repayment schedule;
- managing the average maturity of financing facilities and, where appropriate, refinancing them before they fall due.

The liquidity analysis is performed both at the Casino, Guichard-Perrachon holding company level (taking into account the cash pool operated with all French subsidiaries) and for each of the Group's international subsidiaries.

In addition, the Group has non-recourse receivables discounting programmes, with no continuing involvement in the receivables within the meaning of IFRS 7, as well as reverse factoring programmes.
As at 31 December 2018, trade payables totalling €1,832 million had been reverse factored, including €704 million in France Retail payables, €971 million in Latam Retail payables and €157 million in E-commerce payables.

Most of the Group's debt is carried by Casino, Guichard-Perrachon and is not secured by collateral or any secured assets. Financing is managed by the Corporate Finance department. The main subsidiaries (GPA, Monoprix and Éxito) also have their own financing facilities, which are not secured by collateral or any security interests in assets and are not guaranteed by Casino (except for GPA loans granted by BNDES totalling €8 million as at 31 December 2018 that are secured by assets).

All subsidiaries submit weekly cash reports to the Group and all new financing facilities require prior approval from the Corporate Finance department.

As at 31 December 2018, the Group's liquidity position comprised:

- confirmed, undrawn lines of credit for a total of €3,404 million (of which €2,865 million for France);
- available cash of €3,730 million.

Casino, Guichard-Perrachon has a €9,000 million Euro medium term notes (EMTN) programme. Notes issued under the programme totalled €5,338 million at 31 December 2018.

As at the same date, issuance under Casino, Guichard-Perrachon's €2,000 million negotiable European commercial paper (NEU CP) programme amounted to €221 million.

The Company's bonds (other than deeply-subordinated perpetual bonds) have been rated BB with negative outlook by Standard & Poor's since 3 September 2018 (BB+ with a positive outlook previously) and Ba1 with negative outlook by Moody's since 28 September 2018 (Ba1 with a stable outlook previously). In line with the policy of rotating rating agencies, as recommended by the European regulator, Moody's Investors Service ("Moody's") was appointed as the Group's new rating agency in 2017. Simultaneously with Moody's appointment, the Group terminated its contract with Fitch Ratings; since 12 January 2018, Casino, Guichard-Perrachon and its bond issues are no longer rated by Fitch. The changes in Standard & Poor's rating and outlook and Moody's rating outlook in 2018 had no impact on Casino's borrowing costs or liquidity position.

The bond indentures (other than for deeply-subordinated perpetual bonds) include a step down clause providing for a return to the original interest rate if Standard & Poor's and Moody's restore Casino, Guichard Perrachon's investment grade rating.

The Group's bank loan agreements and bond documentation include the usual *pari passu* negative pledge and cross default clauses.

Casino, Guichard-Perrachon's facility agreements generally contain a mandatory acceleration clause in the event of a change of control of the Company.

In addition, bonds issued by Casino, Guichard-Perrachon (except for the two deeply-subordinated perpetual bonds issues) contain a discretionary acceleration clause applicable if the Company's long-term senior debt rating is downgraded to non-investment grade (or further downgraded if the rating is already non-investment grade), but only if this downgrade is due to a change of majority shareholder (i.e., if a third party other than Rallye or one of its related companies acquires more than 50% of Casino's voting rights).

CASINO, GUICHARD-PERRACHON DEBT COVENANTS

At the reporting date, Casino, Guichard-Perrachon's debt was subject to the following hard covenants to be met at each year-end:

Type of covenant	Main types of debt subject to covenant	Frequency of tests	Ratio as at 31 December 2018
Consolidated net debt [(i)]/Consolidated EBITDA[(iii)] < 3.5	▪ €1.2 billion syndicated credit line	Annually	2.74
	▪ Bilateral credit lines totalling €350 million		
Consolidated net debt [(i)]/Consolidated EBITDA[(iii)] < 3.7	▪ €50 million bilateral credit line		
Consolidated net debt [(ii)]/Consolidated EBITDA[(iii)] < 3.5	▪ USD 750 million syndicated credit line		1.84
	▪ €40 million bilateral credit line		

(i) Net debt as defined in the loan agreements may differ from net debt presented in the consolidated financial statements (Note 11.2). It corresponds to borrowings and financial liabilities including hedging instruments with a negative fair value, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and short-term financial investments, (iii) derivatives with a positive fair value classified as hedges of debt and (iv) financial assets arising from a significant disposal of non-current assets.
(ii) For these facilities, the definition of net debt includes the net assets held for sale attributable to owners of the parent.
(iii) EBITDA (earnings before interest, taxes, depreciation and amortisation) corresponds to trading profit plus recurring net depreciation and amortisation expense.

The Group considers that it will very comfortably respect its covenants over the next 12 months.

Casino, Guichard-Perrachon's bonds and negotiable European commercial paper (NEU CP) issues are not subject to any financial covenants.

FINANCING OF SUBSIDIARIES SUBJECT TO COVENANTS

Most of the Group's other loan agreements – primarily concerning GPA, Éxito and Monoprix – contain hard covenants (see table below).

Subsidiary	Type of covenant	Frequency of tests	Main types of debt subject to covenant
Monoprix	Net debt/EBITDA < 2.5	Annually	▪ €370 million syndicated credit line ▪ Other confirmed credit lines totalling €200 million
GPA(i)	Net debt(ii) may not be higher than equity(iii) Consolidated net debt/EBITDA < 3.25	Quarterly/half-yearly/annually	▪ All bond issues and certain bank borrowings
Éxito	Consolidated net debt/consolidated EBITDA < 3.5	Annually	▪ Bank facilities (Note 11.2.3)
Segisor	Net debt/value of GPA shares < 50%	Quarterly	▪ Bank loans totalling €400 million (Note 11.2.3).

(i) All of GPA's covenants are based on consolidated indicators for the GPA sub-group.
(ii) Debt less cash, cash equivalents and receivables.
(iii) Consolidated equity (attributable to owners of the parent and non-controlling interests).

These covenants were respected as at 31 December 2018.

EXPOSURE TO LIQUIDITY RISK

The table below presents an analysis by maturity of financial liabilities as at 31 December 2018, including principal and interest and for undiscounted amounts. For derivative financial instruments, the table has been drawn up based on the contractual net cash inflows and outflows on instruments that settle on a net basis and the gross inflows and outflows on those instruments that require gross settlement. For interest rate instruments, when the amount payable or receivable is not fixed, the amount presented has been determined by reference to observed yield curves as at the reporting date.

For the TRS and forward instruments described in Note 11.3.2, the cash flows presented in the table below reflect the interest payable and the fair value of instruments as at the reporting date.

31 December 2018 (€ millions)	Due within one year	Due in one to two years	Maturity Due in two to three years	Due in three to five years	Due in more than five years	Total contractual cash flows	Carrying amount
Non-derivative financial instruments recognised in liabilities:							
Bonds and other borrowings	**2,492**	**1,790**	**1,514**	**2,451**	**2,091**	**10,338**	**8,977**
Put options granted to owners of non-controlling interests	**126**	**5**	**-**	**68**	**-**	**199**	**188**
Finance lease liabilities	**16**	**17**	**13**	**8**	**33**	**87**	**47**
Trade payables and other financial liabilities	**8,334**	**25**	**-**	**1**	**26**	**8,387**	**8,387**
Total	**10,964**	**1,838**	**1,527**	**2,529**	**2,150**	**19,007**	**17,599**
Derivative financial instruments – assets/(liabilities):							
Interest rate derivatives							
Derivative contracts – received	**16**	**4**	**-**	**-**	**-**	**20**	
Derivative contracts – paid	**(18)**	**(3)**	**-**	**-**	**-**	**(22)**	
Derivative contracts – net settled	**18**	**14**	**7**	**(1)**	**1**	**39**	
Currency derivatives							
Derivative contracts – received	**370**	**66**	**1**	**1**	**-**	**437**	
Derivative contracts – paid	**(342)**	**(57)**	**(1)**	**(1)**	**-**	**(400)**	
Derivative contracts – net settled	**15**	**8**	**-**	**-**	**-**	**23**	
Other derivative instruments							
Derivative contracts – received	**-**	**-**	**-**	**-**	**-**	**-**	
Derivative contracts – paid	**(19)**	**(293)**	**-**	**-**	**-**	**(311)**	
Derivative contracts – net settled	**-**	**-**	**-**	**-**	**-**	**-**	
Total	**40**	**(262)**	**7**	**(1)**	**1**	**(215)**	**(174)**

31 December 2017 (restated) (€ millions)	Due within one year	Maturity Due in one to two years	Due in two to three years	Due in three to five years	Due in more than five years	Total contractual cash flows	Carrying amount
Non-derivative financial instruments recognised in liabilities:							
Bonds and other borrowings	1,769	1,687	1,581	1,864	3,095	9,997	8,625
Put options granted to owners of non-controlling interests	143	1	4	25	-	173	171
Finance lease liabilities	22	22	16	13	40	113	65
Trade payables and other financial liabilities	8,432	19	-	1	25	8,478	8,478
Total	**10,366**	**1,729**	**1,602**	**1,904**	**3,161**	**18,761**	**17,339**
Derivative financial instruments – assets/(liabilities):							
Interest rate derivatives							
Derivative contracts – received	19	6	-	-	-	25	
Derivative contracts – paid	(14)	(4)	-	-	-	(19)	
Derivative contracts – net settled	37	31	19	5	(13)	79	
Currency derivatives							
Derivative contracts – received	330	67	-	1	-	399	
Derivative contracts – paid	(338)	(69)	-	(2)	-	(408)	
Derivative contracts – net settled	15	1	(2)	-	-	13	
Other derivative instruments							
Derivative contracts – received	1	-	-	-	-	1	
Derivative contracts – paid	(17)	(13)	(268)	-	-	(298)	
Derivative contracts – net settled	-	-	-	-	-	-	
Total	**33**	**18**	**(251)**	**5**	**(13)**	**(208)**	**(211)**

Note 12 Equity and earnings per share

Accounting principle

Equity is attributable to two categories of owner: the owners of the parent (Casino, Guichard-Perrachon shareholders) and the owners of the non-controlling interests in its subsidiaries. A non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent.

Transactions with the owners of non-controlling interests resulting in a change in the parent company's percentage interest without loss of control affect only equity as there is no change of control of the economic entity. Cash flows arising from changes in ownership interests in a fully consolidated subsidiary that do not result in a loss of control (including increases in percentage interest) are classified as cash flows from financing activities.

In the case of an acquisition of an additional interest in a fully consolidated subsidiary, the Group recognises the difference between the acquisition cost and the carrying amount of the non-controlling interests as a change in equity attributable to owners of Casino, Guichard-Perrachon. Transaction costs are also recognised in equity. The same treatment applies to transaction costs relating to disposals without loss of control. In the case of disposals of controlling interests involving a loss of control, the Group derecognises the whole of the ownership interest and, where appropriate, recognises any investment retained in the former subsidiary at its fair value. The gain or loss on the entire derecognised interest (interest sold and interest retained) is recognised in profit or loss under "Other operating income" or "Other operating expenses", which amounts to remeasuring the retained previously-held investment at fair value through profit or loss. Cash flows arising from the acquisition or loss of control of a subsidiary are classified as cash flows from investing activities.

Equity instruments and hybrid instruments

The classification of instruments issued by the Group in equity or debt depends on each instrument's specific characteristics. An instrument is deemed to be an equity instrument when the following two conditions are met:

- the instrument does not contain a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; and
- in the case of a contract that will or may be settled in the entity's own equity instruments, it is either a non-derivative that does not include a contractual obligation to deliver a variable number of the entity's own equity instruments, or it is a derivative that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Group also examines the special provisions of contracts to ensure the absence of an indirect obligation to buy back the equity instruments in cash or by delivering another financial asset or by delivering shares with a value substantially higher than the amount of cash or the other financial asset to be delivered.

In particular, instruments that are redeemable at the Group's discretion and for which the remuneration depends on the payment of a dividend are classified in equity.

When a "debt" component exists, it is measured separately and classified under "financial liabilities".

Equity transaction costs

External and qualifying internal costs directly attributable to equity transactions or transactions involving equity instruments are recorded as a deduction from equity, net of tax. All other transaction costs are recognised as an expense.

Treasury shares

Casino, Guichard-Perrachon shares purchased by the Group are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity with the result that any disposal gains or losses, net of the related tax effect, have no impact in the income statement for the period.

Options on treasury shares

Options on treasury shares are treated as derivative instruments, equity instruments or financial liabilities depending on their characteristics.

Options classified as derivatives are measured at fair value through profit or loss. Options classified as equity instruments are recorded in equity at their initial amount and changes in value are not recognised. The accounting treatment of financial liabilities is described in Note 11.

12.1 Capital management

The Group's policy is to maintain a strong capital base in order to preserve the confidence of investors, creditors and the markets while ensuring the financial headroom required to support the Group's future business development. The Group aims to continually optimise its financial structure by maintaining an optimum balance between net debt, EBITDA and equity. To this end, it may adjust the amount of dividends paid to shareholders, return part of the capital to shareholders, buy back its own shares or issue new shares. From time to time, the Group may buy back its own shares in the market. The shares are generally acquired for allocation to a liquidity contract used to make a market in the shares, or to be held for allocation under stock option plans, employee share ownership plans or free share plans for Group employees and corporate officers.

The policy objectives and management procedures are exactly the same as in previous years.

Apart from legal requirements, the Group is not subject to any external minimum capital requirements.

12.2 Share capital

At 31 December 2018, the Company's share capital amounted to €167,886,006 (31 December 2017: €169,825,404 and was composed of 109,729,416 ordinary shares issued and fully paid as at that date (31 December 2017: 110,996,996 shares).
The decrease was mainly due to the cancellation of (i) 413,622 shares by the Board of Directors on 7 March 2018, (ii) 335,909 shares by the Board of Directors on 15 May 2018, and (iii) 518,077 shares by the Board of Directors on 25 July 2018, representing a total of €55 million of which €2 million corresponding to the shares' aggregate par value. The shares have a par value of €1.53.

Under the shareholder authorisations given to the Board of Directors, the share capital may be increased, immediately or in the future, by up to €59 million.

12.3 Share equivalents

The Group is committed to granting free shares under various plans (Note 8.3). The Group intends to fulfil its obligations under those plans by delivering existing shares when the related rights vest.

12.4 Treasury shares

Treasury shares result from shareholder-approved buybacks of Casino, Guichard-Perrachon S.A. shares. As at 31 December 2018, a total of 961,761 shares were held in treasury, representing €33 million (31 December 2017: 107,735 shares representing €5 million. The shares were purchased primarily for allocation upon exercise of the rights under free share plans.

In January 2005, the Group entered into a liquidity agreement with the Rothschild investment bank for a total of 700,000 Casino shares plus a contribution of €40 million in cash, in compliance with European Commission Regulation (EC) No. 2273/2003. The Group made additional contributions to the liquidity agreement of (i) €30 million on 25 September 2015 and (ii) €50 million on 28 December 2015. The 700,000 shares were subsequently cancelled by decision of the Board of Directors on 14 June 2016.

As at 31 December 2018, no Casino, Guichard-Perrachon S.A. shares were held in the liquidity account (31 December 2017: no shares).

In January 2019, the Group signed a new liquidity agreement with Rothschild Martin Maurel to take account of the changes in regulations governing such agreements, in accordance with AMF decision 2018-01 dated 2 July 2018. The new agreement, which came into effect on 1 January 2019, replaces the previous one. On the date of signature of the contract in January 2019, €30 million in cash was held in the liquidity contract and no shares.
Purchases and sales of treasury shares during 2018 led to a €100 million reduction in equity, net of tax (€103 million before tax, corresponding to the net cash outflow for the period).

12.5 Deeply-subordinated perpetual bonds (TSSDI)

At the beginning of 2005, the Group issued 600,000 deeply-subordinated perpetual bonds (TSSDI) for a total amount of €600 million. The notes are redeemable solely at the Group's discretion and interest payments are due only if the Group pays a dividend on its ordinary shares in the preceding 12 months. The bonds pay interest at the 10-year constant maturity swap rate plus 100 bps, capped at 9%. In 2018, the average coupon was 1.93% (2017: 1.71%).

On 18 October 2013, the Group issued €750 million worth of perpetual hybrid bonds (7,500 bonds) on the market. The bonds are redeemable at the Company's discretion with the first call date set for 31 January 2019 (not exercised) and the second on 31 January 2024. The bonds paid interest at 4.87% until 31 January 2019. Since then, as specified in the prospectus, the interest rate has been reset at 3.992%. This rate will be reset every five years.

Given their specific characteristics in terms of maturity and remuneration, the bonds are carried in equity for the amount of €1,350 million. Issuance costs net of tax have been recorded as a deduction from equity.

12.6 Breakdown of other reserves

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Available-for-sale financial assets	Total other reserves
As at 1 January 2017	**11**	**(1)**	**(1,427)**	**(66)**	**14**	**(1,469)**
Movements for the year	(26)	-	(569)	(32)	-	(627)
As at 31 December 2017	**(16)**	**(1)**	**(1,997)**	**(97)**	**14**	**(2,096)**

(€ millions)	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Available-for-sale financial assets	Equity instruments(i)	Debt instruments(i)	Total other reserves
As at 31 December 2017	**(16)**	**(1)**	**(1,997)**	**(97)**	**14**	**-**	**-**	**(2,096)**
Effects of applying IFRS 9 and IAS 29 (Note 1.3)	(3)	**-**	-	**-**	**(14)**	**2**	**(2)**	(17)
As at 1 January 2018	**(18)**	**(1)**	**(1,997)**	**(97)**	**-**	**2**	**(2)**	**(2,114)**
Movements for the period	10	-	(335)	(9)	-	(4)	-	(338)
As at 31 December 2018	**(8)**	**(1)**	**(2,332)**	**(107)**	**-**	**(2)**	**(2)**	**(2,452)**

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

12.7 Other information on additional paid-in capital, retained earnings and reserves

12.7.1 Foreign currency translation reserves

The foreign currency translation reserve corresponds to cumulative exchange gains and losses on translating the equity of foreign subsidiaries and receivables and payables included in the Group's net investment in these subsidiaries, at the closing rate.

FOREIGN CURRENCY TRANSLATION RESERVES BY COUNTRY AS AT 31 DECEMBER 2018

(€ millions)	Attributable to owners of the parent			Attributable to non-controlling interests			Total
	1 January 2018	Movements for the year	31 December 2018	1 January 2018	Movements for the year	31 December 2018	31 December 2018
Brazil	(1,571)	(280)	**(1,852)**	(2,492)	(418)	**(2,909)**	**(4,761)**
Argentina	(156)	(20)	**(175)**	(13)	(2)	**(15)**	**(190)**
Colombia	(282)	(15)	**(296)**	(320)	(34)	**(355)**	**(651)**
Uruguay	(17)	(17)	**(34)**	(31)	(15)	**(46)**	**(80)**
United States	19	-	**20**	1	-	**1**	**20**
Poland	17	(4)	**13**	-	-	**-**	**14**
Indian Ocean	(8)	(1)	**(9)**	(3)	-	**(3)**	**(12)**
Hong Kong	1	-	**1**	-	-	**-**	**1**
Total foreign currency translation reserves	**(1,997)**	**(335)**	**(2,332)**	**(2,858)**	**(468)**	**(3,326)**	**(5,658)**

FOREIGN CURRENCY TRANSLATION RESERVES BY COUNTRY AS AT 31 DECEMBER 2017

(€ millions)	Attributable to owners of the parent			Attributable to non-controlling interests			Total
	1 January 2017	Movements for the year	31 December 2017	1 January 2017	Movements for the year	31 December 2017	31 December 2017
Brazil	(1,060)	(511)	**(1,571)**	(1,875)	(617)	**(2,492)**	**(4,063)**
Argentina	(144)	(12)	**(156)**	(11)	(2)	**(13)**	**(168)**
Colombia	(254)	(27)	**(282)**	(255)	(65)	**(320)**	**(602)**
Uruguay	7	(24)	**(17)**	(9)	(22)	**(31)**	**(49)**
United States	19	-	**19**	-	-	**1**	**20**
Poland	10	7	**17**	-	-	**-**	**18**
Indian Ocean	(8)	(1)	**(8)**	(3)	-	**(3)**	**(11)**
Hong Kong	1	(1)	**1**	-	-	**-**	**1**
Total foreign currency translation reserves	**(1,427)**	**(569)**	**(1,997)**	**(2,152)**	**(706)**	**(2,858)**	**(4,855)**

12.7.2 Notes to the consolidated statement of comprehensive income

(€ millions)	2018	2017
Available-for-sale financial assets	**-**	**-**
Change in fair value	**-**	(1)
Reclassifications to profit or loss	**-**	-
Income tax (expense)/benefit	**-**	1
Cash flow hedges and cash flow hedge reserve[(i)]	**13**	**(29)**
Change in fair value	**14**	(13)
Reclassifications to profit or loss	**6**	(29)
Income tax (expense)/benefit	**(6)**	13
Debt instruments at fair value through other comprehensive income	**2**	**-**
Net change in fair value	**2**	-
Reclassifications to profit or loss	**-**	-
Income tax (expense)/benefit	**-**	-
Foreign currency translation reserves (Note 12.7.1)	**(796)**	**(1,259)**
Foreign currency translation adjustments for the year	**(862)**	(1,259)
Reclassifications to profit or loss	**67**	-
Income tax (expense)/benefit	**-**	-
Equity instruments at fair value through other comprehensive income	**(2)**	**-**
Net change in fair value	**(2)**	-
Income tax (expense)/benefit	**-**	-
Actuarial gains and losses	**(9)**	**(32)**
Actuarial gains and losses for the year	**(15)**	(40)
Income tax (expense)/benefit	**5**	8
Share of other comprehensive income of equity-accounted investees	**(11)**	**(15)**
Available-for-sale financial assets – change in fair value	**-**	1
Available-for-sale financial assets – reclassifications to profit or loss	**-**	-
Cash flow hedges and cash flow hedge reserve – net change in fair value	**(2)**	1
Cash flow hedges and cash flow hedge reserve – reclassifications to profit or loss	**(1)**	-
Foreign currency translation reserve – adjustments for the year	**(8)**	(16)
Foreign currency translation reserve – reclassification to profit or loss	**-**	-
Equity instruments at fair value through other comprehensive income – change in fair value	**(2)**	-
Actuarial gains and losses – net gain or loss for the year	**-**	-
Income tax (expense)/benefit	**1**	(1)
Total	**(804)**	**(1,335)**

(i) The change in the cash flow hedge reserve in 2018 was not material.

12.8 Non-controlling interests

The following table provides detailed information on material non-controlling interests.

(€ millions)	GPA		Éxito[(i)]	Other	Total
	Total GPA	**o/w Via Varejo**			
Country	Brazil	Brazil	Colombia		
As at 1 January 2017 (restated)	**4,817**	**1,434**	**1,092**	**77**	**5,986**
% of ownership interests held by non-controlling interests[(ii)]	*66.8%*	*85.6%*	*44.7%*		
% of voting rights held by non-controlling interests[(ii)]	*0.06%*	*37.4%*	*44.7%*		
Net profit/(loss)	172	66	50	(25)	**198**
Other comprehensive income/(loss)[(iii)]	(644)	(230)	(62)	(3)	**(710)**
Dividends paid/payable	(31)	(11)	(23)	(15)	**(69)**
Other movements	11	1	43	9	**63**
As at 31 December 2017 (restated)	**4,324**	**1,261**	**1,101**	**43**	**5,468**
% of ownership interests held by non-controlling interests[(ii)]	*66.9%*	*85.7%*	*44.7%*		
% of voting rights held by non-controlling interests[(ii)]	*0.06%*	*37.5%*	*44.7%*		
Effect of applying IFRS 9 (Note 1.3.3)	(46)	(40)	-	**-**	**(46)**
Effect of applying IAS 29 and IFRS 2 (Note 1.3.3)	5	2	65	**-**	**71**
As at 1 January 2018	**4,284**	**1,222**	**1,166**	**43**	**5,493**
Net profit/(loss)	183	(9)	37	(4)	**215**
Other comprehensive income/(loss)[(iii)]	(433)	60	(29)	(4)	**(466)**
Dividends paid/payable	(46)	(2)	(24)	(33)	**(103)**
Other movements	6	1	93	49	**149**
As at 31 December 2018	**3,994**	**1,272**	**1,243**	**51**	**5,288**
% of ownership interests held by non-controlling interests[(ii)]	***66.9%***	***85.7%***	***44.7%***		
% of voting rights held by non-controlling interests[(ii)]	***0.06%***	***60.6%***	***44.7%***		
Average % of ownership interests held by the Group in 2018	***33.1%***	***14.3%***	***55.3%***		
% of ownership interests held by the Group as at 31 December 2018	***33.1%***	***14.3%***	***55.3%***		

(i) Éxito excluding GPA, including Uruguay and Argentina.
(ii) The percentages of non-controlling interests set out in this table do not include the Group's own non-controlling interests in sub-groups.
(iii) Other comprehensive income (loss) consists mainly of exchange differences arising on translation of foreign subsidiaries' financial statements.

GPA's capital consists of:
- 99,680 thousand ordinary shares with voting rights;
- 167,165 thousand preferred shares without voting rights but with the right to a preferred dividend.

Preferred shares do not carry voting rights, but instead entitle holders to the following rights and benefits:
- preferred right to a return of capital in the event of liquidation of the company;
- an annual non-cumulative preferred dividend of at least BRL 0.08 per share;
- a second preferred dividend equal to 10% more than the dividend paid on ordinary shares, as calculated including the non-cumulative dividend referred to above.

Casino has not granted any put options to holders of non-controlling interests in GPA. Under Brazilian securities regulations, preferred shareholders have withdrawal rights enabling them to ask GPA to buy back their shares at book value (i.e., net asset value per share) following the occurrence of certain specific events. These rights are described in detail on pages 94 *et seq.* of GPA's annual report for 2017 on Form 20-F.

SUMMARISED FINANCIAL INFORMATION ON THE MAIN SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

The information presented in the table below is based on the IFRS financial statements, adjusted where applicable to reflect the remeasurement at fair value on the date of acquisition or loss of control, and to align accounting policies with those applied by the Group. The amounts are shown before intragroup eliminations.

(€ millions)	GPA		Éxito[(i)]	
	2018	2017 (restated)	2018	2017 (restated)
Net sales	**11,416**	12,333	**4,153**	4,449
Net profit from continuing operations	**292**	173	**46**	35
Net profit/(loss) from discontinued operations	**(17)**	63	**-**	-
Consolidated net profit/(loss)	**275**	235	**46**	35
Attributable to non-controlling interests in continuing operations	***195***	*116*	***37***	*50*
Attributable to non-controlling interests in discontinued operations	***(12)***	*56*	***-***	*-*
Other comprehensive income (loss)	**(618)**	(911)	**-**	(155)
Total comprehensive income (loss) for the year	**(344)**	(676)	**46**	(119)
Attributable to non-controlling interests	***(250)***	*(472)*	***8***	*(11)*
Non-current assets	**6,676**	6,995	**3,648**	3,729
Current assets	**8,428**	8,680	**1,328**	1,217
Non-current liabilities	**(1,695)**	(1,825)	**(1,214)**	(1,018)
Current liabilities	**(7,443)**	(7,352)	**(1,708)**	(1,745)
Net assets	**5,966**	**6,499**	**2,054**	**2,183**
Attributable to non-controlling interests	***3,994***	*4,324*	***1,243***	*1,101*
Net cash from operating activities	**810**	952	**193**	324
Net cash from/(used in) investing activities	**(423)**	(438)	**(158)**	(170)
Net cash from/(used in) financing activities	**(219)**	(1,015)	**281**	(37)
Effect of changes in exchange rates on cash and cash equivalents	**(202)**	(313)	**(218)**	(52)
Change in cash and cash equivalents	**(34)**	**(814)**	**98**	**66**
Dividends paid to the Group[(ii)]	***33***	*8*	***14***	*16*
Dividends paid to owners of non-controlling interests during the period[(ii)]	***51***	*18*	***24***	*33*

(i) Éxito excluding GPA, including Uruguay and Argentina.
(ii) GPA and Éxito have an obligation to pay out 25% and 50% respectively of annual net profit in dividends.

12.9 Dividends

At the Annual General Meeting of 15 May 2018, the shareholders approved the payment of a €3.12 cash dividend per ordinary share for the 2017 financial year. Including the interim dividend of €173 million paid in December 2017, the dividend was paid on 107,866,474 shares, representing a total payout in 2018 of €168 million recorded as a deduction from equity.

During its meeting on 12 November 2018, the Board of Directors decided to pay an interim dividend for 2018 of €1.56 per share and this was duly paid on 5 December 2018. The interim dividend was paid on 108,756,207 shares, representing a total payout of €170 million recorded as a deduction from equity. In all, dividends paid in 2018 had a €338 million impact on equity.

Note that dividends for 2016 amounted to €344 million, including interim dividends of €171 million paid in 2016 and final dividends of €173 million paid in 2017.

The Board of Directors will recommend setting the 2018 dividend at €3.12 per ordinary share. Based on 109,729,416 shares as at 31 December 2018, the recommended dividend represents a provisional amount of €342 million which includes the interim dividend of €170 million paid in December 2018 (see above). It will be adjusted in 2019 to take into account the treasury shares held on the payment date. The financial statements presented before appropriation of profit do not reflect this dividend, which is subject to shareholder approval at the next Annual General Meeting.

The coupon payable on deeply-subordinated perpetual bonds is as follows:

(€ millions)	2018	2017
Coupons payable on deeply-subordinated perpetual bonds (impact on equity)	**48**	**50**
Of which amount paid during the year	36	38
Of which amount payable in the following year	12	12
Impact on the statement of cash flows for the year	**48**	**47**
Of which coupons awarded and paid during the year	36	38
Of which interest awarded in the prior year and paid during the reporting year	12	9

12.10 Earnings per share

Accounting principle

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the period, excluding shares issued in payment of dividends and treasury shares. Diluted earnings per share are calculated by the treasury stock method, as follows:

- numerator: earnings for the period are adjusted for dividends on deeply-subordinated perpetual bonds;
- denominator: the basic number of shares is adjusted to include potential shares corresponding to dilutive instruments (equity warrants, stock options and free shares), less the number of shares that could be bought back at market price with the proceeds from the exercise of the dilutive instruments. The market price used for the calculation corresponds to the average share price for the year.

Equity instruments that will or may be settled in Casino, Guichard-Perrachon shares are included in the calculation only when their settlement would have a dilutive impact on earnings per share.

12.10.1 Number of shares

Diluted number of shares used for the calculation		2018	2017
Weighted average number of shares outstanding during the period			
Total ordinary shares		**110,169,352**	110,996,996
Ordinary shares held in treasury		**(1,780,356)**	(262,622)
Weighted average number of ordinary shares before dilution	**(1)**	**108,388,996**	**110,734,374**
Potential shares represented by:			
Stock options		**-**	-
Non-dilutive instruments (out of the money or covered by calls)		**-**	-
Weighted average number of dilutive instruments		**-**	**-**
Theoretical number of shares purchased at market price		**-**	-
Dilutive effect of stock option plans		**-**	-
Free share plans		**-**	-
Total potential dilutive shares		**-**	-
Total diluted number of shares	**(2)**	**108,388,996**	**110,734,374**

12.10.2 Profit/(loss) attributable to ordinary shares

(€ millions)		2018			2017 (restated)		
		Continuing operations	Discontinued operations(i)	Total	Continuing operations	Discontinued operations(i)	Total
Net profit/(loss) attributable to owners of the parent		**(45)**	**(9)**	**(54)**	**108**	**(7)**	**101**
Dividend payable on deeply-subordinated perpetual bonds		**(48)**	**-**	**(48)**	(50)	-	(50)
Net profit/(loss) attributable to holders of ordinary shares	**(3)**	**(93)**	**(9)**	**(102)**	**58**	**(7)**	**51**
Potential dilutive effect of free share plans		**-**	**-**	**-**	-	-	-
Diluted net profit/(loss) attributable to holders of ordinary shares	**(4)**	**(93)**	**(9)**	**(102)**	**58**	**(7)**	**51**
Basic earnings/(loss) per share attributable to owners of the parent (€)	**(3)/(1)**	**(0.86)**	**(0.09)**	**(0.95)**	**0.52**	**(0.06)**	**0.46**
Diluted earnings/(loss) per share attributable to owners of the parent (€)	**(4)/(1)**	**(0.86)**	**(0.09)**	**(0.95)**	**0.52**	**(0.06)**	**0.46**

(i) Note 3.5.2

Note 13 Other provisions

Accounting principle

A provision is recorded when the Group has a present obligation (legal or constructive) as a result of a past event, the amount of the obligation can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted when the related adjustment is material.
In accordance with the above principle, a provision is recorded for the cost of repairing equipment sold with a warranty. The provision represents the estimated cost of repairs to be performed during the warranty period, as estimated on the basis of actual costs incurred in prior years. Each year, part of the provision is reversed to offset the actual repair costs recognised in expenses.

A provision for restructuring expenses is recorded when the Group has a constructive obligation to restructure. This is the case when management has drawn up a detailed, formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to them before the period-end.

Other provisions concern specifically identified liabilities and expenses.

Contingent liabilities correspond to possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control, or present obligations whose settlement is not expected to require an outflow of resources embodying economic benefits. Contingent liabilities are not recognised in the statement of financial position but are disclosed in the Notes to the financial statements.

13.1 Breakdown of provisions and movements

(€ millions)	1 January 2018	Additions 2018	Reversals (used) 2018	Reversals (not used) 2018	Change in scope of consolidation	Effect of movements in exchange rates	Other	31 December 2018
Claims and litigation	530	141	(39)	(102)	-	(51)	4	**484**
Other risks and expenses	118	44	(22)	(31)	1	(1)	-	**109**
Restructuring	27	56	(37)	(2)	-	-	-	**43**
Total provisions	**676**	**241**	**(98)**	**(135)**	**1**	**(52)**	**4**	**637**
of which non-current	*514*	*135*	*(32)*	*(88)*	-	*(51)*	*5*	***483***
of which current	*162*	*106*	*(66)*	*(47)*	*1*	-	*(1)*	***154***

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.).

Provisions for claims and litigation amount to €484 million and include €439 million for GPA (Note 13.2). Of this amount, additions to provisions, reversals of used provisions and reversals of surplus provisions, respectively, amounted to €125 million, a negative €28 million and a negative €81 million.

13.2 Breakdown of GPA provisions for claims and litigation (excluding Via Varejo)

(€ millions)	PIS/COFINS/CPMF disputes(i)	Other tax disputes	Employee disputes	Civil litigation	Total
31 December 2018	**31**	**316**	**65**	**26**	**439**
31 December 2017	32	324	83	35	**475**

(i) VAT and similar taxes.

In the dispute presented above and below in Note 13.3, GPA Food is contesting the payment of certain taxes, contributions and payroll obligations. The bonds posted by GPA pending final rulings from the administrative courts on these various disputes are included in "Other non-current assets" (Note 6.9). GPA has also provided various guarantees in addition to these bonds, reported as off-balance sheet commitments (Note 6.11).

(€ millions)	2018			2017		
	Bonds posted by GPA(i)	Assets pledged as collateral(ii)	Bank guarantees(ii)	Bonds posted by GPA(i)	Assets pledged as collateral(ii)	Bank guarantees(ii)
Tax disputes	**53**	**189**	**2,033**	51	216	1,843
Employee disputes	**104**	**1**	**43**	119	1	23
Civil and other litigation	**17**	**3**	**97**	21	2	70
Total	**175**	**192**	**2,173**	**192**	**218**	**1,937**

(i) See Note 6.9.
(ii) See note 6.11.1.

13.3 Contingent assets and liabilities

In the normal course of its business, the Group is involved in a number of legal or arbitration proceedings with third parties or with the tax authorities in certain countries (mainly involving GPA – see below).

As stated in Note 3.3.5, no associates or joint ventures have any significant contingent liabilities.

- **Class action against Cnova N.V. and the Group**

Some of the officers and directors of Cnova N.V. and the underwriters of its IPO were named in a class action before the United States District Court for the Southern District of New York alleging a breach of United States securities laws. The lawsuit claimed that misleading information was issued at the time of the IPO concerning the macro-economic situation in Brazil and the irregularities uncovered at Cnova Brazil. On 19 March 2018, the United States District Court for the Southern District of New York announced its final approval of the proposed settlement of this class action for an amount of USD 28.5 million. The USD 28.5 million was paid in first-half 2018 (see Note 11.1) and most of the amount was covered by an insurance settlement received from Cnova's insurers. The balance, including estimated related costs, was covered by the provision recorded in 2016. Consequently, the settlement had no material impact on the Group's net profit.
On 14 December 2018, Cnova was informed by the American Securities and Exchange Commission (SEC) that it had completed the investigation into stock management issues and the audit of Cnova's former subsidiary in Brazil launched in December 2015 and that it was not planning to take any action against Cnova. No penalties were levied on Cnova concerning 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 lease contracts have a duration of 20 years as from 2005 and are automatically renewable for another 20-year period.
Despite the discussions concerning application of the lease terms, the request for arbitration has no impact on the operation of the leased stores, which is contractually guaranteed. At this stage of the arbitration process, it is not possible to make a reasonable estimate of the related risk. Based on the opinion of its legal advisors, the Company considers as possible the risk of an unfavourable ruling by the arbitration board.

- **Proceedings brought by the DGCCRF (French competition authority) against AMC and INCAA and investigations by the French and European competition authorities**

On 28 February 2017, the French Ministry of the Economy, represented by the Department of Competition Policy, Consumer Affairs and Fraud Control (DGCCRF), brought an action against Casino in the Paris Commercial Court. The case involves a series of credit notes totalling €22.2 million issued in 2013 and 2014 by 41 suppliers. The DGCCRF is seeking repayment of this sum to the suppliers concerned together with a fine of €2 million.
Also, on 11 April 2017, the common purchasing entity INCA Achats, and its parent companies Intermarché and Casino, were prosecuted for economic imbalance and abusive commercial practices that allegedly took place in 2015 against 13 multinational companies in the hygiene and fragrance industry, with a fine of €2 million.
The proceedings in both cases are still in progress.
The Group considers that it complied with the applicable regulations during negotiations with the suppliers concerned by both sets of proceedings. Consequently, no provision has been set aside for these matters.

Moreover, the Group is undergoing two inquiries by the French and European competition authorities.
In early February 2017, representatives of France's Competition Authority raided the premises of Vindémia Logistique and Vindémia Group and seized certain documents concerning their consumer goods supply and distribution activities on Reunion Island. At this stage, the Competition Authority has not issued any complaint. The Casino Group has contested the legitimacy of the raids before the Court of Cassation. The Group is not currently able to predict the outcome of the investigation.
At the end of February 2017, representatives of the European Commission raided the premises of 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. INCA-A has ceased operations since the raids took place. At this stage, the European Commission has not issued any complaint. The Casino Group has contested the legitimacy of the raids before the General Court of the European Union. The Group is not currently able to predict the outcome of this matter.
The preliminary investigations are still in progress and there were no significant developments in 2018.

In June 2018, after giving notice in accordance with French law No. 2015-990 of 6 August 2015, the French Competition Authority launched an informal investigation into the creation of joint purchasing organisations in the food retailing sector. The investigation concerns in particular the Horizon central purchasing organisation set up between Auchan, Casino, Metro and Schiever. It is still in progress.

- **GPA tax, social and civil contingent liabilities**

(€ millions)	31 December 2018	31 December 2017
INSS (employer's social security contributions)	**95**	103
IRPJ - IRRF and CSLL (corporate income taxes)	**224**	201
PIS, COFINS and CPMF (VAT and similar taxes)	**447**	429
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	**34**	38
ICMS (state VAT)	**1,329**	1,460
Civil litigation	**115**	136
Total[(i)]	**2,244**	**2,367**

(i) Contingent liabilities of Via Varejo classified in discontinued operations and not included in the above table amount to €365 million as at 31 December 2018 (31 December 2017: €407 million).

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. As at 31 December 2018, the estimated amount was €38 million (31 December 2017: €40 million).

Casino has given a specific guarantee to its Brazilian subsidiary concerning notifications of tax adjustments received from the tax administration, for a total amount of BRL 1,317 million at 31 December 2018 (31 December 2017: BRL 1,223 million), including penalties and interest. Under the terms of the guarantee, Casino has undertaken to indemnify GPA for 50% of any damages incurred, provided those damages are definitive. Based on the commitment given by Casino to its subsidiary, the risk exposure amounts to BRL 658 million (€148 million) at 31 December 2018 (31 December 2017: BRL 611 million, representing €154 million). As the risks of liability are only considered possible, Casino has not recognised a provision in its financial statements for this amount.

- **GPA contingent assets**

Exclusion of ICMS from the PIS/COFINS tax base:

Since the introduction of non-cumulative PIS and COFINS tax credits, GPA has asserted the right to deduct ICMS tax from the base used to calculate PIS and COFINS taxes. GPA's position was supported by a Brazilian federal supreme court (STF) ruling on 15 March 2017 that the ICMS tax should be excluded from the PIS and COFINS tax base. Based on the STF's ruling and the opinion of its internal and external advisors, GPA considered that the probability of having to settle the amounts deducted in prior periods was low. It therefore released in first-half 2017 the corresponding provisions set up in prior periods for an amount of BRL 117 million (€32 million).

Since the supreme court's ruling on 15 March 2017, the procedure has continued in line with the expectations of GPA and its advisors, without GPA's judgement being called into question concerning the release of the provisions, although the court has not yet handed down its final decision. GPA and its external legal advisors believe that this decision concerning the application method will not limit its rights under the legal proceedings brought since 2003 which are still in progress. However, an asset cannot be recognised for the tax credits until all the stages in the procedure have been completed. Based on the information available as of 31 December 2018, GPA estimates that these tax credits represent a potential asset of BRL 1,400 million (€315 million) for its Retail business.

In the case of Via Varejo, which is classified as a discontinued operation, the estimated potential tax asset amounts to around BRL 1,106 million (roughly €249 million), including an additional amount of BRL 453 million (€102 million) that will be owed exclusively to GPA.

Note 14 Related-party transactions

Related parties are:
- parent companies (mainly Rallye, Foncière Euris, Finatis and Euris);
- entities that exercise joint control or significant influence over the Company;
- subsidiaries (Note 17);
- associates (primarily Mercialys) (Note 3.3);
- joint ventures (Note 3.3);
- members of the Board of Directors and Management Committee (Note 8.4).

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Company and its subsidiaries receive strategic advice from Euris, the ultimate holding company, under strategic advice and assistance agreements. The Company also receives other recurring services from Euris and Foncière Euris (provision of staff and premises). The expenses recorded during the year in respect of these agreements with Casino and its subsidiaries totalled €3.7 million, of which €3.1 million for strategic advisory services and €0.6 million for the provision of staff and premises.

In connection with the deployment of its dual model combining retail and commercial real estate activities, Casino and its subsidiaries are involved in a number of property development operations with Mercialys (Note 3.3.6).

Related-party transactions with individuals (directors, corporate officers and members of their families) are not material.

Note 15 Subsequent events

- **Signing of purchase pledges for the sale of six Géant hypermarkets**

On 19 January 2019, Casino Group announced that it had signed agreements to sell six hypermarkets in France to members of the E. Leclerc Group for a combined consideration of €101 million.
The hypermarket disposals do not form part of the non-strategic asset disposal plan announced on 11 June 2018 (Note 2); they result from the Group's stated intention to dispose of a certain number of structurally loss-making stores. The disposals are expected to close in the first half of 2019.

- **Sale of hypermarket and supermarket properties**

On 21 January 2019, the Group announced that it had signed an agreement with investment fund Fortress Investment Group for the sale of 26 store properties (13 Géant Casino hypermarkets, 3 Casino hypermarkets and 10 Casino supermarkets) based on a total valuation of €501 million.
The transaction was completed on 8 March 2019 and the Group received payment of 80% of the value of the assets, i.e., €392 million, net of transfer costs. The Group will now be associated with the value creation of the operation, via an interest held in the new entity created by the buyer to enhance the value of the portfolio and sell the portfolio on the market under the best possible conditions. As such, depending on the entity's performance, the Casino Group could receive up to an additional €150 million in the next few years.
The Group will continue to operate the stores under leases representing annual rent of €32 million.

- **Agreement for the sale of R2C**

On 14 February 2019, Casino announced the signature of an agreement with Compass Group providing for the sale of Casino's contract catering services, R2C.
The transaction is expected to be completed by the end of the first half of 2019, subject to consultation with the employee representative bodies and the approval of the French Competition Authority.

- **Signing of purchase pledges for the sale of loss-making stores**

On 15 February 2019, Casino announced the signature of agreements to sell a selection of structurally loss-making stores, both integrated stores and master franchisees' stores, for a total of €42 million.
In the case of the integrated stores, these commitments represent a value of €25 million in sale proceeds and relate to the following:

- 17 stores (8 Leader Price, 8 Casino supermarkets and 1 Hyper Casino) to be sold to Lidl, and
- the sale of the Géant hypermarket in Roubaix (59) to a Leclerc member with a simultaneous sale of its real estate to the owner of the shopping mall.

These 18 stores represented net sales of €88 million in 2018 for a trading loss of €12 million.
At the same time, master franchisees of the Group, with which the Casino group has a 49% stake, have signed an agreement to sell 16 stores (9 Leader Price and 7 Casino supermarkets) to Lidl for a total of €17 million.
These 16 stores represented net sales of €60 million in 2018 for a trading loss of €9 million.
The disposals are expected to be completed in the first half of 2019, subject to prior consultation with the employee representative bodies and the fulfilment of the usual conditions precedent.

- **Block sale of Via Varejo shares under a total return swap (TRS) contract**

Pursuant to the authorisation given by its Board of Directors on 20 February 2019, GPA has sold to a leading financial institution under a total return swap contract 40 million Via Varejo shares, representing 3.09% of the capital, for BRL 200 million (€45 million). The transaction will have the effect of reducing GPA's interest in Via Varejo to 36.27%.

- **Signature of purchase pledges to sell two Géant hypermarkets**

On 28 February 2019, Casino announced the signature of unilateral purchase agreements with a view to the sale of two Géant hypermarkets located in the towns of Nevers and Montauban to Groupement Les Mousquetaires for a total value of €23.4 million covering the real estate and business assets.
These stores represented net sales of €36 million in 2018 for a trading loss of €3.5 million.
The disposals are expected to be completed in the first half of 2019, subject to prior consultation with the employee representative bodies with whom a meeting was held on 27 February, and the fulfilment of the usual conditions precedent.

Note 16 Statutory Auditors' fees

Statutory Auditors' fees for the year ended 31 December 2018 (in € thousands)	EY	Deloitte
Statutory audit and review of the parent company and consolidated financial statements	5,718	4,595
Non-audit services	728	536
TOTAL	6,445	5,131

Services other than the statutory audit of the financial statements ("Non-audit services") by the Statutory Auditors to Casino, Guichard-Perrachon, the parent company, and to its subsidiaries, correspond mostly to procedures related to the issuance of statements and reports on agreed-upon procedures regarding data contained in the accounting records, or regarding internal control.

Note 17 Main consolidated companies

As at 31 December 2018, the Casino Group comprised 1,791 consolidated companies. The main companies are listed below.

Company	31 December 2018 % control	% interest	Consolidation method	31 December 2017 % control	% interest	Consolidation method
Casino, Guichard-Perrachon SA			**Parent company**			**Parent company**
France – Retailing						
Achats Marchandises Casino (AMC)	100	100	FC	100	100	FC
Casino Carburants	100	100	FC	100	100	FC
Casino Services	100	100	FC	100	100	FC
Casino International	100	100	FC	100	100	FC
CD Supply Innovation	50	50	EM	50	50	EM
Distribution Casino France (DCF)	100	100	FC	100	100	FC
Distridyn	49.99	49.99	EM	49.99	49.99	EM
Easydis	100	100	FC	100	100	FC
Floréal	100	100	FC	100	100	FC
Geimex	100	100	FC	100	100	FC
Horizon Achats	44	44	EM	-	-	-
Horizon Appels d'Offres	44	44	EM	-	-	-
Intermarché Casino Achats (INCAA)	50	50	EM	50	50	EM
Monoprix Group						
Les Galeries de la Croisette	100	100	FC	100	100	FC
Monoprix	100	100	FC	100	100	FC
Monoprix Exploitation	100	100	FC	100	100	FC
Monoprix On Line (formerly Sarenza)	100	100	FC	-	-	-
Monop'	100	100	FC	100	100	FC
Naturalia France	100	100	FC	100	100	FC
Simonop'1	-	-	-	100	51	FC
Société Auxiliaire de Manutention Accélérée de Denrées Alimentaires "S.A.M.A.D.A."	100	100	FC	100	100	FC
Société L.R.M.D.	100	100	FC	100	100	FC
Franprix-Leader Price Group						
Cofilead	100	100	FC	100	100	FC
DBMH	100	100	FC	100	100	FC
Distribution Franprix	100	100	FC	100	100	FC
Distribution Leader Price	100	100	FC	100	100	FC
Distri Sud-Ouest (DSO)	100	100	FC	100	100	FC
Franprix Holding	100	100	FC	100	100	FC
Franprix-Leader Price	100	100	FC	100	100	FC
Franprix – Leader Price Finance	100	100	FC	100	100	FC
HLP Ouest	70	70	FC	70	70	FC
Holding Mag 2	49	49	EM	49	49	EM
Holdi Mag	49	49	EM	49	49	EM
Holdev Mag	49	49	EM	49	49	EM
Gesdis	40	40	EM	40	40	EM
Leader Price Exploitation	100	100	FC	100	100	FC
NFL Distribution	100	100	FC	100	100	FC
Parfidis	100	100	FC	100	100	FC
Pro Distribution	70	70	FC	70	70	FC
R.L.P. Invest	100	100	FC	100	100	FC
Sarjel	100	100	FC	100	100	FC
Sédifrais	100	100	FC	100	100	FC
Sofigep	100	100	FC	100	100	FC

Company		31 December 2018 % control	31 December 2018 % interest	31 December 2018 Consolidation method	31 December 2017 % control	31 December 2017 % interest	31 December 2017 Consolidation method
Codim Group							
Codim 2		100	100	FC	100	100	FC
Hyper Rocade 2		100	100	FC	100	100	FC
Pacam 2		100	100	FC	100	100	FC
Poretta 2		100	100	FC	100	100	FC
Prodis 2		100	100	FC	100	100	FC
Property and Energy							
GreenYellow		73.44	73.44	FC	97.52	97.52	FC
L'immobilière Groupe Casino		100	100	FC	100	100	FC
Sudéco		100	100	FC	100	100	FC
Uranie		100	100	FC	100	100	FC
Mercialys Group							
Mercialys (listed company) (i)		**25.27**	**39.22**	**EM**	**40.24**	**40.24**	**EM**
Property development							
Plouescadis		100	100	FC	100	100	FC
Other businesses							
Banque du Groupe Casino		50	50	EM	50	50	EM
Casino Finance		100	100	FC	100	100	FC
Casino Finance International		100	100	FC	100	100	FC
Casino Restauration		100	100	FC	100	100	FC
Restauration Collective Casino		100	100	FC	100	100	FC
Perspecteev		21.8	21.8	EM	-	-	-
E-commerce							
Cnova N.V. Group (listed company)		**99.44**	**76.15**	**FC**	**99.46**	**76.11**	**FC**
Cdiscount Group		-	-	-	100	76.11	FC
Cdiscount		100	76.22	FC	100	76.19	FC
International – Poland							
Mayland Real Estate		100	100	FC	100	100	FC
International – Brazil							
Wilkes		100	77.65	FC	100	77.65	FC
GPA Group (listed company)		**99.94**	**33.09**	**FC**	**99.94**	**33.12**	**FC**
Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento (FIC)	(ii) (iii)	50	41.92	EM	50	41.93	EM
GPA Malls & Properties Gestão de Ativos e Serviços. Imobiliários Ltda. (GPA M&P)	(ii)	100	100	FC	100	100	FC
Novasoc Comercial Ltda. (Novasoc)	(ii)	100	100	FC	100	100	FC
Sendas Distribuidora S.A. (Sendas)	(ii)	100	100	FC	100	100	FC
Via Varejo (listed company)	**(ii)**	**39.37**	**43.23**	**FC**	**62.53**	**43.31**	**FC**
Banco Investcred Unibanco S.A. (BINV)	(ii) (iii) (vi)	50	21.62	EM	50	21.65	EM
Indústria de Móveis Bartira Ltda. (Bartira)	(iv) (vi)	100	100	FC	100	100	FC
C'nova Comercio Electronico	(iv) (vi)	100	100	FC	100	100	FC

		31 December 2018			31 December 2017		
Company		**% control**	**% interest**	**Consolidation method**	**% control**	**% interest**	**Consolidation method**
International - Colombia, Uruguay and Argentina							
Éxito Group (listed company)		**55.30**	**55.30**	**FC**	**55.30**	**55.30**	**FC**
Éxito Industrias S.A.S. (formerly Distribuidora de Textiles y Confecciones SA DIDETEXCO)	(v)	97.95	97.95	FC	97.75	97.75	FC
Viva Malls Trust	(v) (vii)	51	51	FC	51	51	FC
Viva Villavincencio Trust	(v)	51	26.01	FC	51	51	FC
Barranquilla Trust	(v)	90	45.90	FC	90	90	FC
Logistica y transporte de Servicios S.A.S	(v)	100	100	FC	100	100	FC
Tuya SA	(v)	50	50	EM	50	50	EM
Grupo Disco (Uruguay)	(v)	75.10	62.49	FC	75.10	62.49	FC
Devoto (Uruguay)	(v)	100	100	FC	100	100	FC
Libertad (Argentina)	(v)	100	100	FC	100	100	FC
International - Indian Ocean							
Vindémia Distribution		100	99.98	FC	100	99.98	FC
Vindémia Logistique		100	100	FC	100	100	FC
BDM (Mayotte)		71.44	71.44	FC	71.44	71.44	FC
SOMAGS (Mauritius)		100	100	FC	100	100	FC
French and international holding companies							
Bergsaar BV		100	100	FC	100	100	FC
Forézienne de Participations		100	100	FC	100	100	FC
Géant Foncière BV		100	100	FC	100	100	FC
Géant Holding BV		100	100	FC	100	100	FC
Géant International BV		100	100	FC	100	100	FC
Gelase		100	55.30	FC	100	55.30	FC
Helicco		100	100	FC	100	100	FC
Intexa (listed company)		**98.91**	**97.91**	**FC**	**98.91**	**97.91**	**FC**
Marushka Holding BV		100	100	FC	100	100	FC
Segisor SA		100	77.65	FC	100	77.65	FC
Tevir SA		100	100	FC	100	100	FC
Tonquin BV		100	100	FC	100	100	FC

(i) As at 31 December 2018, the Group held 25.27% of the voting rights and 39.22% of the shares, including 13.95% classified as held for sale in accordance with IFRS 5 (Note 3.1.4).

(ii) The percentage interests correspond to the percentages held by the GPA sub-group. As regards Via Varejo, GPA held 39.37% of the voting rights and 43.23% of the shares, including 3.86% through a total return swap (TRS) at 31 December 2018 (Note 2). On 20 February 2019, the holding increased to 36.27% following the signature of a second total return swap (Note 15).

(iii) FIC and BINV finance purchases made by GPA's customers. These entities were created through a partnership between Banco Itaú Unibanco S.A ("Itaú Unibanco"), GPA, and Via Varejo. They are accounted for by the equity method as GPA exercises significant influence over their operating and financial policies. Via Varejo's 14.24% share of FIC's net assets has been classified as held for sale in accordance with IFRS 5. BINV is a Via Varejo joint venture and has been classified in full as held for sale.

(iv) The percentage interests correspond to the percentages held by the Via Varejo sub-group.

(v) The percentage interests correspond to the percentages held by the Éxito sub-group. On 27 April 2015, Éxito signed a contractual agreement, initially with a two-year term, granting it more than 75% of the Disco voting rights and exclusive control over the sub-group's strategic decisions. On 29 December 2016, the agreement was extended until 30 June 2019. It will then be rolled over automatically until 30 June 2021.

(vi) Via Varejo's main subsidiaries and joint ventures are Cnova Comercio Electronico, BINV and Bartira. The entire sub-group has been classified as held for sale in accordance with IFRS 5.

(vii) The trust's governance is specified in the agreement between the parties. Éxito is the majority partner and FIC has rights with respect to certain Viva Malls business decisions concerning such matters as acquisitions and disposals in excess of a certain amount or the method of setting budgets and business plan targets. The agreement also states that Éxito is the sole provider of property management, administrative and marketing services for Viva Malls and that it is paid an arm's length fee for these services. A review of the substance of FIC's rights under the agreement confirms that their effect is solely to protect FIC's investment and that, consequently, Viva Malls is controlled by Éxito.

Note 18 Standards, amendments and interpretations published but not yet mandatory

Standards, amendments and interpretations adopted by the European Union as at the reporting date but not yet mandatory

The IASB has published the following standards, amendments to existing standards and interpretations, adopted by the European Union but not mandatory as at 1 January 2018.

IFRS 16 – *Leases*

IFRS 16, which replaces IAS 17 and the related interpretations as from 1 January 2019, removes the distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability representative of discounted future rentals for virtually all lease contracts. Operating lease expense is replaced by depreciation of the right-of-use asset and interest expense on the financial liability. Up to now, the Group has classified most of its leases as operating leases and recognised rental expense on a straight-line basis over the lease term. No asset or liability is recognised except to reflect any timing difference between the rental payment period and the period in which the related expense is recognised. Consequently, adoption of IFRS 16 will have a positive impact on performance indicators such as EBITDA and, to a lesser extent, trading profit, and a negative impact on finance costs. Consolidated net profit may also be reduced because total rental expense is generally higher at the beginning of the lease and decreases over time, unlike the straight-line charge recognised under the current standard. Additionally, net cash from operating activities will be higher as cash outflows corresponding to repayment of the principal amount of the financial liability and to interest payments will be classified as cash flows from financing activities.

The Group mostly has property leases; annual rent on the roughly 6,400 property leases amounted to €840 million in 2018, out of total rental expense for the year of €987 million. The adoption of IFRS 16 will affect primarily the accounting for the operating leases on the Group's stores and warehouses, operated for the most part by the Retail business.

In 2018, the Group continued to identify and analyse the data required for the application of IFRS 16 as at 1 January 2019. During the year, the Group started to deploy an IT application to manage leases from an operational and financial standpoint on a fully integrated basis. The deployment process will be completed during the first half of 2019.

The Group has decided to apply the full retrospective approach on transition to IFRS 16 as at 1 January 2019, by restating the comparative information for 2018.
The Group has chosen to apply the recognition exemptions in IFRS 16 concerning:

- short-term leases, and
- leases for which the underlying asset is of low value.

Lease payments not included in the initial measurement of the financial liability (for example, variable lease payments) will be recorded in operating expense, together with payments for short-term leases and leases for which the underlying asset is of low value.

The lease term will correspond to the non-cancellable period, together with the period covered by any option to extend the lease, if the Group is reasonably certain to exercise that option, and the period covered by any option to terminate the lease, if the Group is reasonably certain not to exercise that option. The Group will apply the position of the French accounting standards authority (*Autorité des normes comptables* – ANC) concerning the lease term to be applied to commercial leases in France.
The discount rate used to calculate the value of the right-of-use asset and the financial liability will be determined on a country-by-country basis.

At this stage, the estimated effect of applying IFRS 16 has been determined based on property leases, which account for substantially all of the impact. It does not include the effect on equipment leases, which is in the process of being estimated.

The estimated effect on the opening statement of financial position at 1 January 2018 would be as follows (excluding equipment leases):

- An increase in assets (mainly arising from the recognition of right-of-use assets) of between €3.7 billion and €4.2 billion.
- An increase in liabilities (arising from the recognition of a financial liability) of between €4.0 billion and €4.5 billion.
- A reduction in equity, before tax, of between €0.2 billion and €0.4 billion.

This impact can be broken down by segment as follows:

(€ billions)	France Retail	Latam Retail	E-commerce	Group total
Right-of-use	2.4 to 2.8	1.2 to 1.5	0.1 to 0.2	3.7 to 4.2
Lease liabilities	2.5 to 2.9	1.4 to 1.6	0.1 to 0.2	4.0 to 4.5
Equity, before tax	0.1 to 0.2	0.2 to 0.3	n.m.	0.2 to 0.4

The impact on profit attributable to owners of the parent will not be material.

The Group has chosen to present right-of-use assets and the related financial liabilities on separate lines of the consolidated statement of financial position. “Net debt” as defined by the Group (see Note 11) will not be impacted by the application of IFRS 16.

The actual effect of applying IFRS 16 as at 1 January 2019 may be different from the above estimates for the following reasons:

- the Group has not yet completed its tests and assessments of controls over the new lease accounting system, and
- the Group may change the chosen methods of applying new accounting standards in the period up to the date when its first financial statements presented in accordance with IFRS 16 are published (i.e., the 2019 interim financial statements).

As at 31 December 2018, off-balance sheet non-cancellable operating lease commitments (property leases and equipment leases) amounted to €3,252 million based on IAS 17 (Note 7.2). The difference between this off-balance sheet commitment and the estimated financial liability for property leases under IFRS 16 can be explained primarily as follows:

- The financial liability is greater because the estimate is based on the period during with the Group is reasonably certain of using the asset, which is longer than the non-cancellable period.
- The effect of this is offset by the effect of discounting the future lease payments, unlike under IAS 17.

In the absence of any generally accepted position concerning the application of impairment tests, the Group has not performed new impairment tests taking into account the effects of applying IFRS 16.

The accounting treatment of leases by the lessor is similar to that under IAS 17; leases continue to be classified as finance leases or operating leases as applicable. Based on the above, the Group does not expect the application of IFRS 16 to have a material impact on the financial statements, with regards to leases where the Group is lessor. However, certain additional disclosures will be made as from 2019.

IFRIC 23 – *Uncertainty over Income Tax Treatments*

This interpretation is applicable as at 1 January 2019, using the full or partial retrospective approach.
IFRIC 23 explains how to reflect the effects of uncertainty in accounting for current and deferred tax assets and liabilities under IAS 12 – *Income taxes*. It clarifies the following main points:
- Judgement should be used to determine whether uncertain tax treatments should be considered separately or together.
- An entity should assume that the taxation authority will examine all amounts reported to it and will have full knowledge of all relevant information when doing so.
- The decision whether to recognise current and deferred tax assets and liabilities should be made based on the probability (i.e., is it more probable than not) that the asset will be recovered or the liability will be paid.
- If it is not probable that the taxation authority will accept an uncertain tax treatment, the provision should be based on the estimated amount that the entity expects to pay or recover, as determined by (i) the most likely amount method or (ii) a method based on the weighted average of the various possible scenarios.

Amendments to IFRS 9 – *Prepayment features with negative compensation*

These amendments are applicable as at 1 January 2019 on a retrospective basis.
The amendments expand the classification of financial assets at amortised cost or at fair value through other comprehensive income and clarify the application of the "solely a payment of principal and interest" test to certain debt instruments with a prepayment feature where the effect of exercising this clause would reasonably lead to repayments that are lower than the amount of principal and interest due.

Standards and interpretations not adopted by the European Union as at the reporting date

The IASB has published the following standards, amendments to standards and interpretations applicable to the Group which have not yet been adopted by the European Union:

Standard (application date for the Group subject to adoption by the EU)	Description of the standard
Amendments to IAS 28 *Long-term interests in associates and joint ventures* (1 January 2019)	These amendments will be applicable on a retrospective basis. These amendments clarify that IFRS 9 (including the impairment rules) applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
IFRS Annual Improvements Cycles 2015-2017 cycle (1 January 2019)	The main standards concerned are: ▪ IAS 12 – *Income Taxes*: these amendments clarify that the tax consequences of dividend payments (i.e., distributions of profits) should be recognised in profit or loss, equity or other comprehensive income according to where the transactions that generated the distributed profits were presented. They will be applicable on a retrospective basis as from the first comparative period presented. ▪ IAS 23 – *Borrowing Costs*: These amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally. These amendments will be applicable on a prospective basis.
Amendments to IAS 19 *Plan amendment, curtailment or settlement* (1 January 2019)	These amendments will be applicable on a prospective basis to plan amendments, curtailments and settlements of defined benefit plans. They require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement.
Amendments to IFRS 3 *Definition of a business* (1 January 2020)	These amendments, which will be applicable on a prospective basis, clarify the definition of a business and the application guidance for the assessment of whether an acquired set of activities and assets is a group of assets rather than a business. Under the amended definition, to be considered a business, the integrated set of activities and assets must create output in the form of goods and services delivered to customers, rather than being conducted and managed for the purpose of providing a return to investors or other owners, members or participants. In addition, an optional concentration test has been introduced to simplify the assessment of whether an integrated set of activities and assets is a group of assets and not a business.
Amendments to IAS 1 and IAS 8 *Definition of materiality* (1 January 2020)	These amendments, which will be applicable on a prospective basis, amend and expand the definition of materiality in IAS 1 and IAS 8. They also align the definition of materiality with the wording of the *IFRS Conceptual Framework*.

These interpretations and amendments are not expected to have any material impact on the Group's consolidated financial statements.

Ernst & Young et Autres

Tour First
TSA 14444
92037 PARIS-LA DEFENSE Cedex

S.A.S. à capital variable

438 476 913 R.C.S. Nanterre

Commissaire aux comptes
Membre de la compagnie
régionale de Versailles

DELOITTE & ASSOCIÉS

6 place de la Pyramide
92908 PARIS-LA DEFENSE Cedex

S.A. au capital de 1 723 040 €

572 028 041 R.C.S. Nanterre

Commissaire aux comptes
Membre de la compagnie
régionale de Versailles

CASINO, GUICHARD-PERRACHON

Société anonyme

1 cours Antoine Guichard
42000 SAINT-ETIENNE

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2018

Ernst & Young et Autres
Tour First
TSA 14444
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CASINO, GUICHARD-PERRACHON

Société anonyme

1 cours Antoine Guichard
42000 SAINT-ETIENNE

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2018

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This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.
This statutory auditors' report includes information specifically required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.
This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of CASINO, GUICHARD-PERRACHON,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Casino, Guichard-Perrachon for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*).

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill and brands	
Risk identified	***Our response***
Please see Notes "10.1 – Goodwill", "10.2 – Other intangible assets" and "10.5 – Impairment of non-current assets" to the consolidated financial statements	
As of December 31, 2018, the net carrying amounts of goodwill and brands with an indefinite life recorded in the consolidated statement of financial position amount to, respectively, €8,690 million and €1,515 million, which represents approximately 27% of total consolidated assets. As part of the valuation of these assets, the Group allocates goodwill and brands to cash-generating units (CGUs) using the method described in Notes 10.1, 10.2 and 10.5 to the consolidated financial statements, respectively. The Group performs impairment tests at least once a year and whenever a trigger for impairment is identified. We considered the valuation of goodwill and brands, including the goodwill relating to Franprix - Leader Price and the brand relating to Extra, to be a key audit matter due to the following: - their materiality in the consolidated financial statements; - the importance of management's estimates, assessments and significant assumptions on the basis of which their recoverable amount is determined, based on the future discounted cash flows expected to be derived from these assets; - the sensitivity of the valuation of these recoverable amounts to certain assumptions.	We examined the compliance of the methodology implemented by management with the accounting standards in force. We also assessed the main estimates used and analyzed in particular: - the consistency of cash flow projections with the budget and the medium-term business plan prepared by management, as well as the consistency of these projections with the Group's historical performance and the economic context in which the Group operates; - the methods and parameters used to determine the discount rates applied to estimated cash flows. With the assistance of our valuation experts, we recalculated these discount rates using the most recent market data available, compared the results obtained with (i) the rates adopted by management and (ii) the rates observed for several players operating in the same business sector as the Group, and assessed the reasonableness of the rates adopted by management; - the relevance of the sensitivity scenarios used by management. Finally, we examined the appropriateness of the disclosures provided in the notes to the consolidated financial statements, especially those relating to sensitivity tests.

<table>
<tr><th colspan="2">Valuation of rebates to be received from suppliers at year-end</th></tr>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td colspan="2">Please see Notes “6.2 – Cost of goods sold” and “6.8 – Other current assets” to the consolidated financial statements</td></tr>
<tr><td>Within the scope of its retail activities, the Group receives rebates from its suppliers in the form of discounts and commercial cooperation fees.

These benefits, generally paid on the basis of a percentage defined contractually, and applied on purchases made from suppliers, are recorded as a deduction from cost of goods sold.

Considering the material impact of these accounting entries on net profit for the year, the large number of contracts involved and the necessity for management to estimate the related purchases for each supplier, we considered the valuation of rebates to be received from suppliers at year-end to be a key audit matter.</td><td>Within the scope of our audit, we :
examined the internal control measures relating to the process for monitoring these rebates in the Group’s various significant subsidiaries and carried out tests on the key controls;
reconciled, on a sampling basis, the contractual terms relating to rebates to be received from suppliers with their valuation;
examined the estimates used by management to determine these year-end rebates, in particular the valuation of the level of purchases at year-end used to determine the amounts of the invoices to be issued;
followed up on the collection of these receivables subsequent to the year-end date.</td></tr>
</table>

<table>
<tr><th colspan="2">Recognition of tax credits and follow up on the contingent tax liabilities at GPA</th></tr>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td colspan="2">Please see Notes “5.1 – Key indicators by reportable segment”, “6.8 – Other current assets”, “6.9.1 – Breakdown of other non-current assets” and “13.3 – Contingent assets and liabilities” to the consolidated financial statements</td></tr>
<tr><td>Within the scope of its retail activities at GPA, the Group recognizes ICMS tax credits. The balance amounts to €519 million as of December 31, 2018. These tax credits are accounted for as a reduction of cost of goods sold in the income statement.</td><td>We interviewed the various persons who hold responsibilities in the GPA organization to identify and to obtain an understanding of the tax credits, existing disputes and liabilities and the related judgements.</td></tr>
</table>

Recognition of tax credits and follow up on the contingent tax liabilities at GPA	
Risk identified	***Our response***
These tax credits are recognized based on: (i) the interpretation of tax legislation and jurisprudence, in particular in the retail sector in Brazil, (ii) legal opinions provided by the subsidiary's external tax advisors, when it is considered that they can be estimated and that their recoverability is probable. Furthermore, as described in Note 13.3 to the consolidated financial statements, the Group estimated to €315 million the amount of contingent PIS and COFINS tax credit assets in relation to the exclusion of ICMS from the calculation basis of these two taxes. GPA is also involved in various administrative and legal proceedings in Brazil arising, notably, from tax claims filed by the Brazilian tax authorities. These tax risks that are estimated at €2,128 million as of December 31, 2018 were analysed as contingent liabilities and no provisions were recognized as of December 31, 2018, as indicated in Note 13.3 to the consolidated financial statements.	Concerning tax credits, we examined: - the internal control environment and process in which these tax credits are monitored and we tested the related key controls using sampling techniques; - the documentation that evidences either the recognition of ICMS tax credits over the year, or the qualification of the PIS and COFINS tax credits as a contingent tax asset; - the legal or technical opinions provided by law firms or external experts chosen by management to assess the recognition of the tax credits shown in the consolidated financial statements; - the assumptions used by management to draw up the recovery plan underlying the recognized ICMS tax credits. Concerning contingent liabilities, we: - reconciled the list of identified disputes with the information provided by GPA's main law firms that we contacted; - examined the information on the legal or technical proceedings and/or opinions provided by the law firms or external experts chosen by management to assess the qualification of the various disputes as contingent liabilities; - examined the risk estimates prepared by the Group and reconciled them with the figures in relation to the contingent tax liabilities that are included in the notes to the consolidated financial statements.

Recognition of tax credits and follow up on contingent tax liabilities at GPA	
Risk identified	***Our response***
We considered the recognition and recoverability of both the tax credits and the valuation and monitoring of contingent tax liabilities to be key audit matters for the following reasons: (i) the significance in the accounts of the tax credit balance, the contingent asset relating to PIS and COFINS tax credits and the amount of contingent tax liabilities as of December 31, 2018, (ii) the complexity of the Brazilian tax legislation related to taxes and (iii) the use of judgements and estimates by management in connection with the recognition of tax credits and the valuation of the contingent tax liabilities.	Finally, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Presentation and valuation of the Via Varejo discontinued operations	
Risk identified	***Our response***
Please see Notes "2 – Significant events of the year" and "3.5 – Non-current assets held for sale and discontinued operations" to the consolidated financial statements	
Via Varejo constitutes the entire "Latam Electronics" operating sector and the e-commerce business in Brazil through its subsidiary Cnova Brazil (hereinafter "Via Varejo"). As of December 31, 2018, the Via Varejo assets and liabilities held for sale are shown on a separate line and total respectively €5,698 million and €4,426 million, hence net assets amounting to €1,272 million (about 11% of the consolidated net assets). As described in Note 2 to the consolidated financial statements, the disposal of the Group's investment in Via Varejo initiated in 2016 could not be finalized as of December 31, 2018. However, while seeking to continue with such disposal to strategic investors, the subsidiary's Board of Directors authorized alternatives to conclude this disposal by December 31, 2019.	Within the scope of our audit: - we analyzed the documentation underlying the ongoing disposal of Via Varejo which led the Group's management to maintain Via Varejo in assets held for sale and discontinued operations, particularly (i) the minutes of the GPA Board of Directors' meeting which authorized the alternatives to conclude the sale by December 31, 2019, including the possibility of selling its investment via stock market transactions and (ii) the terms of sale of a portion of the ordinary shares of Via Varejo in December 2018, as described in Note 2 to the consolidated financial statements;

<table>
<tr><th colspan="2">Presentation and valuation of the Via Varejo discontinued operations</th></tr>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td colspan="2">Please see Notes “2 – Significant events of the year” and “3.5 – Non-current assets held for sale and discontinued operations” to the consolidated financial statements</td></tr>
<tr><td>As the Group therefore estimated the disposal of Via Varejo to be highly probable in 2019, Via Varejo’s activities were maintained in discontinued operations in accordance with IFRS 5:
- the assets and liabilities as well as the cash flow of Via Varejo were presented on a separate lines respectively of the consolidated statement of financial position and of the consolidated statement of cash flows;
- the after tax net profit of the Via Varejo activities was presented in a separate line of the consolidated statement of income (“Net profit from discontinued operations”);
- Via Varejo was valued at the lower of its carrying amount and its fair value less selling costs.
Given the significance of Via Varejo’s contribution to the consolidated financial statements and the degree of judgement in relation to (i) the highly probable nature of the disposal that justifies to maintain the recording of the Via Varejo’s business in the discontinued operations and (ii) the valuation of the investment, we believe the presentation and valuation of the discontinued operations of Via Varejo to be a key audit matter</td><td>- we examined the presentation of all of the items comprising the assets and liabilities, the cash flow statement and the after tax net profit of the Via Varejo activities in “Assets held for sale” and “Liabilities associated with assets held for sale” (Note 3.5.1), as well as in profit and cash flow from discontinued operations (Notes 3.5.2 and 3.5.3), with regard to IFRS 5.
- we assessed the methods for determining the fair value of these assets and liabilities, less estimated selling costs, as of December 31, 2018. In particular, we considered whether the estimate of the fair value of Via Varejo was consistent with the disposal arrangements planned by management.
Finally, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.</td></tr>
</table>

Specific verifications

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Board of Directors’ management report.

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

We attest that the consolidated statement of non-financial performance provided by Article L.225-102-1 of the French Commercial Code features in the Group information presented in the management report, it being specified that, pursuant to Article L.823-10 of this Code, we have not verified the fairness of the information contained in this statement or its consistency with the consolidated financial statements and it should be covered in a report by an independent third-party body.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Casino, Guichard-Perrachon by the Shareholders' Meeting held on April 29, 2010.

As at December 31, 2018, our audit firms were both in their 9th year of uninterrupted engagement. Previously, Ernst & Young Audit had been Statutory Auditor since 1978.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated

financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 13, 2019

The Statutory Auditors

Ernst & Young et Autres	Deloitte & Associés	
Yvon SALAÜN	Frédéric MOULIN	Patrice CHOQUET

CASINO, GUICHARD-PERRACHON

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2017

CONTENTS

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FINANCIAL STATEMENTS

Consolidated income statement

(€ millions)	Notes	2017	2016
CONTINUING OPERATIONS			
Net sales	6.1	**37,822**	36,030
Cost of goods sold	6.2	**(28,694)**	(27,364)
Gross margin		**9,127**	**8,666**
Other income	6.1	**414**	542
Selling expenses	6.3	**(6,942)**	(6,871)
General and administrative expenses	6.3	**(1,357)**	(1,303)
Trading profit	**5.1**	**1,242**	**1,034**
As a % of net sales		***3.3%***	*2.9%*
Other operating income	6.5	**185**	242
Other operating expenses	6.5	**(666)**	(867)
Operating profit		**762**	**409**
As a % of net sales		***2.0%***	*1.1%*
Income from cash and cash equivalents	11.3.1	**81**	110
Finance costs	11.3.1	**(449)**	(434)
Net finance costs	**11.3.1**	**(367)**	**(324)**
Other financial income	11.3.2	**161**	286
Other financial expenses	11.3.2	**(239)**	(321)
Profit before tax		**316**	**50**
As a % of net sales		***0.8%***	*0.1%*
Income tax expense	9.1	**(56)**	(34)
Share of profit of equity-accounted investees	3.3.3	**13**	20
Net profit from continuing operations		**273**	**36**
As a % of net sales		***0.7%***	*0.1%*
Attributable to owners of the parent		**127**	33
Attributable to non-controlling interests		**146**	2
DISCONTINUED OPERATIONS			
Net profit from discontinued operations	**3.5.2**	**47**	**2,161**
Attributable to owners of the parent	3.5.2	**(7)**	2,645
Attributable to non-controlling interests	3.5.2	**54**	(484)
CONTINUING AND DISCONTINUED OPERATIONS			
Consolidated net profit		**320**	**2,196**
Attributable to owners of the parent		**120**	2,679
Attributable to non-controlling interests	12.7	**200**	(482)

Earnings per share

(€)	Notes	2017	2016
From continuing operations, attributable to owners of the parent	**12.9.2**		
▪ Basic		**0.70**	(0.14)
▪ Diluted		**0.70**	(0.20)
From continuing and discontinued operations attributable to owners of the parent	**12.9.2**		
▪ Basic		**0.63**	23.65
▪ Diluted		**0.63**	23.59

Consolidated statement of comprehensive income

(€ millions)	2017	2016
Consolidated net profit	**320**	**2,196**
Items that may be subsequently reclassified to profit or loss	**(1,303)**	**1,656**
Cash flow hedges	**(40)**	(3)
Foreign currency translation adjustments (i)	**(1,259)**	1,603
Available-for-sale financial assets	**(1)**	3
Hedges of net investments in foreign operations (ii)	**-**	47
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	**(15)**	22
Income tax effects	**13**	(16)
Items that will never be reclassified to profit or loss	**(32)**	**(10)**
Actuarial gains and losses	**(40)**	(10)
Income tax effects	**9**	-
Other comprehensive income (loss) for the year, net of tax	**(1,335)**	**1,646**
Total comprehensive income (loss) for the year, net of tax	**(1,015)**	**3,843**
Attributable to owners of the parent	***(505)***	*3,352*
Attributable to non-controlling interests	***(510)***	*491*

(i) The €1,259 million negative net translation adjustment in 2017 arose primarily from the depreciation of the Brazilian and Colombian currencies (€1,116 million and €89 million, respectively). The €1,603 million positive net translation adjustment in 2016 primarily reflected the appreciation of the Brazilian currency for €1,719 million.
(ii) The €47 million positive change in 2016 corresponded to the reclassification to the income statement of the hedge of net investments in Asian operations, following their disposal.

Changes in other comprehensive income are presented in Note 12.6.2.

Consolidated statement of financial position

ASSETS (€ millions)	Notes	31 December 2017	31 December 2016
Goodwill	10.1	**9,031**	9,595
Intangible assets	10.2	**2,879**	3,109
Property, plant and equipment	10.3	**7,289**	8,123
Investment property	10.4	**460**	411
Investments in equity-accounted investees	3.3.3	**587**	625
Other non-current assets	6.9	**1,220**	1,080
Deferred tax assets	9.2.1	**523**	687
Total non-current assets		**21,990**	**23,629**
Inventories	6.6	**3,871**	3,990
Trade receivables	6.7	**946**	880
Other current assets	6.8	**1,272**	1,542
Current tax assets		**138**	130
Cash and cash equivalents	11.1	**3,391**	5,750
Assets held for sale	3.5	**6,593**	6,120
Total current assets		**16,212**	**18,412**
TOTAL ASSETS		**38,202**	**42,042**

EQUITY AND LIABILITIES (€ millions)	Notes	31 December 2017	31 December 2016
Share capital	12.2	**170**	170
Additional paid-in capital, treasury shares and retained earnings		**7,414**	8,280
Equity attributable to owners of the parent		**7,584**	**8,450**
Non-controlling interests	**12.7**	**5,473**	**5,990**
Total equity	**12**	**13,057**	**14,440**
Non-current provisions for employee benefits	8.2	**358**	312
Other non-current provisions	13.1	**514**	615
Non-current financial liabilities	11.2	**7,229**	7,733
Non-current put options granted to owners of non-controlling interests	3.4.1	**28**	41
Other non-current liabilities	6.10	**481**	618
Deferred tax liabilities	9.2.2	**725**	1,094
Total non-current liabilities		**9,335**	**10,413**
Current provisions for employee benefits	8.2	**11**	12
Other current provisions	13.1	**162**	163
Trade payables		**6,649**	6,939
Current financial liabilities	11.2	**1,493**	2,482
Current put options granted to owners of non-controlling interests	3.4.1	**143**	341
Current tax liabilities		**88**	54
Other current liabilities	6.10	**2,584**	2,795
Liabilities associated with assets held for sale	3.5	**4,680**	4,404
Total current liabilities		**15,809**	**17,189**
TOTAL EQUITY AND LIABILITIES		**38,202**	**42,042**

Consolidated statement of cash flows

(€ millions)	Notes	2017	2016
Profit before tax from continuing operations		**316**	50
Profit before tax from discontinued operations	3.5.2	**74**	2,198
Consolidated profit before tax		**390**	**2,248**
Depreciation and amortisation expense	6.4	**688**	663
Provision expense	4.1	**51**	216
Losses/(gains) arising from changes in fair value	11.3.2	**(47)**	(69)
Expenses/(income) on share-based payment plans	8.3.1	**18**	15
Other non-cash items		**(44)**	(18)
(Gains)/losses on disposals of non-current assets		**11**	(1)
(Gains)/losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		**29**	76
Dividends received from equity-accounted investees	3.3.1 / 3.3.2	**101**	39
Net finance costs	11.3.1	**367**	324
Non-recourse factoring costs	11.3.2	**83**	78
Gain on disposal of discontinued operations	3.5.2	**-**	(2,893)
Adjustments related to discontinued operations	3.5.3	**387**	947
Net cash from operating activities before change in working capital, net finance costs and income tax		**2,034**	**1,625**
Income tax paid		**(114)**	(226)
Change in operating working capital	4.2	**(336)**	640
Income tax paid and change in operating working capital: discontinued operations	3.5.3	**(78)**	(375)
Net cash from operating activities		**1,506**	**1,664**
Of which continuing operations		***1,123***	***1,786***
Cash outflows related to acquisitions of:			
▪ Property, plant and equipment, intangible assets and investment property	4.3	**(1,247)**	(1,160)
▪ Non-current financial assets		**(39)**	(118)
Cash inflows related to disposals of:			
▪ Property, plant and equipment, intangible assets and investment property	4.4	**303**	368
▪ Non-current financial assets		**12**	11
Effect of changes in scope of consolidation resulting in acquisition or loss of control	4.5	**(69)**	(116)
Effect of changes in scope of consolidation related to equity-accounted investees		**(17)**	(5)
Change in loans and advances granted		**(47)**	(48)
Net cash from/(used in) investing activities of discontinued operations	3.5.3	**(97)**	3,669
Net cash from/(used in) investing activities		**(1,203)**	**2,603**
Of which continuing operations		***(1,105)***	***(1,067)***
Dividends paid:			
▪ To owners of the parent	12.8	**(346)**	(521)
▪ To non-controlling interests	4.6	**(52)**	(78)
▪ To holders of deeply subordinated perpetual bonds	12.8	**(47)**	(47)
Repayment of mandatory convertible bonds		**-**	(500)
Increase/(decrease) in the parent's share capital		**-**	-
Transactions between the Group and owners of non-controlling interests	4.7	**(117)**	99
(Purchases)/sales of treasury shares		**(11)**	(30)
Additions to borrowings	4.8	**1,589**	995
Repayments of borrowings	4.8	**(2,534)**	(1,955)
Interest paid, net	4.9	**(505)**	(165)
Net cash used in financing activities of discontinued operations	3.5.3	**(451)**	(573)
Net cash used in financing activities		**(2,473)**	**(2,775)**
Of which continuing operations		***(2,022)***	***(2,202)***
Effect of changes in exchange rates on cash and cash equivalents of continuing operations		**(333)**	458
Effect of changes in exchange rates on cash and cash equivalents of discontinued operations		**(148)**	304
Change in cash and cash equivalents	**4.8**	**(2,651)**	**2,253**
Net cash and cash equivalents at beginning of period		**6,787**	**4,534**
• Of which net cash and cash equivalents of continuing operations	11.1	5,614	4,405
• Of which net cash and cash equivalents of discontinued operations		1,174	129
Net cash and cash equivalents at end of period		**4,137**	**6,787**
• Of which net cash and cash equivalents of continuing operations	11.1	3,236	5,614
• Of which net cash and cash equivalents of discontinued operations		901	1,174

Consolidated statement of changes in equity

(€ millions) (before appropriation of profit)	Share capital	Additional paid-in capital (i)	Treasury shares	Deeply subordinated perpetual bonds (TSSDI)	Retained earnings and profit for the year	Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses
As at 1 January 2016	**173**	**4,093**	**(80)**	**1,350**	**2,469**	**13**	**(31)**	**(2,061)**	**(54)**
Other comprehensive income (loss) for the year	-	-	-	-	-	(2)	31	654	(12)
Net profit for the year	-	-	-	-	2,679	-	-	-	-
Consolidated comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**2,679**	**(2)**	**31**	**654**	**(12)**
Issue of share capital	-	-	-	-	-	-	-	-	-
Purchases and sales of treasury shares (iii)	(3)	(101)	75	-	(1)	-	-	-	-
Dividends paid/payable to shareholders (iv)	-	-	-	-	(521)	-	-	-	-
Dividends paid/payable to holders of deeply subordinated perpetual bonds (iv)	-	-	-	-	(49)	-	-	-	-
Share-based payments	-	-	-	-	8	-	-	-	-
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries (v)	-	-	-	-	10	-	-	-	-
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries (vi)	-	-	-	-	(173)	-	-	(20)	-
Other movements	-	-	-	-	(10)	-	-	-	-
at 31 December 2016	**170**	**3,992**	**(5)**	**1,350**	**4,412**	**11**	**(1)**	**(1,427)**	**(66)**
her comprehensive income (loss) for the year	-	-	-	-	-	**(26)**	**-**	**(568)**	**(32)**
Net profit for the year	-	-	-	-	**120**	-	-	-	-
Consolidated comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**120**	**(26)**	**-**	**(568)**	**(32)**
Issue of share capital	-	-	-	-	-	-	-	-	-
Purchases and sales of treasury shares	-	-	-	-	**(7)**	-	-	-	-
Dividends paid/payable to shareholders (iv)	-	-	-	-	**(346)**	-	-	-	-
Dividends paid/payable to holders of deeply subordinated perpetual bonds (iv)	-	-	-	-	**(50)**	-	-	-	-
Share-based payments	-	-	-	-	**12**	-	-	-	-
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 (vi)	-	-	-	-	**32**	-	-	**(1)**	-
Other movements	-	-	-	-	**(1)**	-	-	-	-
As at 31 December 2017	**170**	**3,992**	**(5)**	**1,350**	**4,173**	**(16)**	**(1)**	**(1,997)**	**(97)**

(i) Additional paid-in capital includes (a) premiums on shares issued for cash or for contributions in kind, or in connection with mergers or acquisitions, and (b) legal reserves.
(ii) Attributable to the shareholders of Casino, Guichard-Perrachon.
(iii) In 2016, the change was mainly due to the cancellation of 2,200,690 shares, valued at €104 million.
(iv) See Note 12.8 for dividends paid and payable to holders of ordinary shares and deeply subordinated perpetual bonds. Dividends paid and payable to non-controlling interests during the year primarily concerned GPA, Éxito a
million, respectively (2016: Éxito and Uruguay for €53 million and €21 million, respectively).
(v) In 2016, the €499 million negative impact primarily concerned the disposal of businesses in Vietnam and Thailand.
(vi) The €84 million positive impact primarily concerns (a) the additional contribution of €80 million made by the private equity fund Fondo Inmobiliaro Colombia to the Viva Malls real estate trust created by Éxito in 2016 (Note 3.2.7
shares, in the amount of €22 million (Note 2), offset by the €15 million negative fair value adjustment to the NCI put on Disco shares. The €641 million negative impact in 2016 mainly reflected (a) exercise of the call option on N
impact), (b) the public tender offer for Cnova N.V. shares (€193 million negative impact) and (c) the acquisitions of Éxito and GPA shares (€21 million negative impact), offset by (d) the creation of the Viva Malls real estate tr

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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INFORMATION ABOUT THE CASINO, GUICHARD-PERRACHON GROUP

Casino, Guichard-Perrachon ("the Company") is a French *société anonyme* listed in compartment A of Euronext Paris. The Company and its subsidiaries are hereinafter referred to as "the Group" or "the Casino Group". The Company's registered office is at 1, Cours Antoine Guichard, 42008 Saint-Etienne, France.

The consolidated financial statements for the year ended 31 December 2017 reflect the accounting situation of the Company and its subsidiaries, as well as the Group's interests in associates and joint ventures.

The 2017 consolidated financial statements of Casino, Guichard-Perrachon were approved for publication by the Board of Directors on 7 March 2018.

Note 1 Significant accounting policies

1.1 Accounting standards

Pursuant to European Commission regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Casino 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 as of the date of approval of the financial statements by the Board of Directors and applicable at 31 December 2017.

These standards are available on the European Commission's website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

The accounting policies set out below have been applied consistently in all periods presented, after taking account of the new standards, amendments to existing standards and interpretations listed below.

These amendments to existing standards and interpretations had no material impact on the Group's financial performance or position.

Standards, amendments to standards, and interpretations adopted by the European Union and mandatory for financial years beginning on or after 1 January 2017

The European Union has adopted the following standards, amendments to existing standards and interpretations that are applicable in the case of the Group as from the financial year beginning on 1 January 2017. These new standards, amendments and interpretations are applicable retrospectively by the Group unless otherwise indicated. They do not have a material impact on the consolidated financial statements.

- Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses

The amendments clarify certain principles applicable to the recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. They are designed to address the diversity in practice around this issue.

- Amendments to IAS 7 - Disclosure Initiative: financing activities

These amendments are applicable on a prospective basis. They require entities to provide additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
To fulfil this obligation, entities are required to provide disclosures on the following changes in liabilities arising from financing activities:

(a) changes arising from cash flows from financing activities;
(b) changes arising from the acquisition or loss of control of subsidiaries;
(c) effects of changes in exchange rates;
(d) fair value adjustments; and
(e) other changes.

1.2 Basis of preparation and presentation of the consolidated financial statements

1.2.1 Basis of measurement

The consolidated financial statements have been prepared using the historical cost convention, with the exception of the following:

- assets and liabilities acquired in a business combination, which are measured at fair value in accordance with IFRS 3;
- derivative financial instruments and available-for-sale financial assets, which are measured at fair value. The carrying amounts of assets and liabilities hedged by a fair value hedge which would otherwise be measured at cost are adjusted for changes in fair value attributable to the hedged risk.

The consolidated financial statements are presented in millions of euros. The figures in the tables have been rounded to the nearest million euros and include individually rounded data. Consequently, the totals and sub-totals shown may not correspond exactly to the sum of the reported amounts.

1.2.2 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 Via Varejo's net assets, and other France Retail segment assets in accordance with IFRS 5 (Note 3.5);
- valuation of non-current assets and goodwill (Note 10.5);
- recoverable amounts of deferred tax assets (Note 9);
- provisions for risks (Note 13) – particularly tax and employee-related risks – and recognition, presentation and measurement of the recoverable amount of tax credits (VAT or similar, notably ICMS and PIS and COFINS) (Notes 5.1, 6.9 and 13).

Note 2 Significant events of the year

Significant events of the year included:

- **Planned disposal of Via Varejo**

On 23 November 2016, the Group announced that it had approved GPA's decision to start negotiations for the sale of its investment in its subsidiary Via Varejo, in line with its long-term strategic refocusing on the food retailing business.
In 2017, due to certain external factors that were beyond GPA's control, related mainly to the macro-economic environment in Brazil, it was not possible to adhere to the original timeline for the Via Varejo sale. The sale process is nevertheless continuing and GPA, assisted by its financial advisors, has updated the next stages in the plan which should lead to Via Varejo being sold in 2018.
Consequently, in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations:
- the assets and liabilities held for sale have been reported on a separate line (Note 3.5.1);
- Via Varejo's net profit and cash flows for the years ended 31 December 2017 and 2016 are reported on separate lines in the income statement and statement of cash flows;
- Via Varejo has been excluded from tables in notes, in particular relative to lease commitments (Note 7.2) and GPA's contingent liabilities (Note 13.3). If necessary, specific information for Via Varejo is provided in a footnote.

- **Final results of the Group's public tender offer for Cnova N.V. shares**

On 31 January 2017, the Group announced the final results of the tender offer for ordinary Cnova N.V. shares launched on 6 December 2016. A total of 31.7 million shares were tendered to the offer and a further 0.3 million shares were purchased in March 2017.

Together, these purchases concerned 9.3% of Cnova's share capital and led to:
- the derecognition of put options granted to owners of non-controlling interests that had been recognised in liabilities at 31 December 2016 for €187 million, a cash payment of €171 million (Note 4.7), and the recognition in equity attributable to owners of the parent of an amount of €22 million;
- the transfer of a negative €6 million from non-controlling interests to equity attributable to the owners of the parent, reflecting the Group's increased stake in Cnova N.V.

At 31 December 2017, the Group holds 98.97 % of the capital of Cnova N.V. and 99.46 % of the voting rights. Taking into account the interest held by GPA in Cnova N.V., the Group's percentage interest stands at 76.11%.

On 21 February 2017, Cnova N.V. made a formal application to delist its ordinary shares from Nasdaq. The decision was rendered effective on 3 March 2017. Since that date, US public reporting obligations under the Exchange Act have been suspended. Cnova N.V.'s ordinary shares continue to be listed on Euronext Paris.

- **Proceedings brought by the DGCCRF (French competition authority) against AMC and INCAA and inquiries**

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. The proceedings are in progress. Casino reaffirms its position that these credit notes are perfectly legitimate and intends to challenge the grounds for this action.
Also, on 11 April 2017, the common purchasing entity INCA Achats, and their respective parent companies Intermarché and Casino, were similarly prosecuted for economic imbalance and abusive commercial practices that took place in 2015 against 13 multinational companies of the hygiene and fragrance industry, with a civil fine of €2 million.
The Group considers that it complied with the applicable regulations during negotiations with the suppliers concerned by both sets of proceedings and has therefore chosen not to set aside a provision in the early stages of challenging the proceedings (Note 13.3).

Moreover, the Group is undergoing two inquiries by the French and European competition authorities.

In early February 2017, France's Competition Authority launched an investigation into the practices of Vindémia Logistique and Vindémia Group in the areas of consumer goods supply and distribution on Reunion Island. At this stage, the Competition Authority has not issued any complaint and it is not currently possible to predict the probable outcome of the investigation.

Also, at the end of February 2017, the European Commission launched an investigation into contracts for the purchase of basic consumer goods, the sale of services to manufacturers of branded products and the sale to consumers of basic consumer goods. The companies targeted by the investigation included Achats Marchandises Casino – A.M.C. (formerly E.M.C. Distribution) and Intermarché-Casino Achats (INCAA). The European Commission has not issued any complaints and it is not currently possible to predict the probable outcome of the investigation.

- **Bond exchange**

On 30 May 2017, the Group issued €550 million worth of five-year 1.865% bonds (Note 11.2.2).
At the same time, €153 million, €153 million and €60 million worth of bonds maturing respectively in November 2018 (5.73% coupon), August 2019 (4.41% coupon) and March 2020 (5.24% coupon) were bought back, reducing the issues' respective nominal amounts to €355 million, €697 million and €540 million. Taking into account the difference between the buyback price and the bonds' face value, the cash outflow for this transaction totalled €400 million. Settlement and delivery took place on 13 June 2017.

This transaction was accounted for as an extension of financial liabilities given the non-material nature of the changes to the contractual terms. The €400 million impact of the bond exchange thus constitutes an adjustment to the carrying amount of the 2022 bonds and is being amortised by the yield-to-maturity method over the remaining term of the modified liability. This accounting treatment also applies to the bond premiums, unamortised issue expenses and hedging effects related to the exchanged bonds, and all exchange-related fees.

- **Refinancing of a credit facility**

On 26 July 2017, Casino announced that it had obtained a confirmed five-year credit facility for USD 750 million (around €645 million) from a group of 11 international banks (Note 11.2.4). The line of credit was used to refinance an existing USD 1 billion facility, extending the average maturity of the Group's confirmed lines of credit from 2.4 years to 3.4 years as of the transaction date.
Casino also has two one-year rollover options, subject to the banks' approval.

- **Interim dividend**

On 11 December 2017, the Company paid an interim dividend of €173 million (Note 12.8).

- **Partnership with Ocado Group**

On 28 November 2017, the Casino Group and Ocado Group plc ("Ocado"), the world's leading dedicated on-line grocery retailer, signed an agreement to develop the Ocado Smart Platform in France. The platform will comprise a purpose-built automated warehouse and an integrated software solution and website.
The agreement sets out plans for the launch, within two years, of a warehouse in the Greater Paris area using Ocado's proprietary equipment. In consideration of the investments made by Ocado, the Casino Group will pay Ocado certain upfront fees upon signing and during the development phase, then ongoing fees linked to its utilisation of capacity and service criteria.
In addition to the initial platform, Casino and Ocado will consider further development of other platforms close to other large urban areas.

- **Casino Group rating by Moody's**

In line with the policy of rotating rating agencies, as recommended by the European regulator, Moody's Investors Service has been appointed as the Group's new rating agency, replacing Fitch Ratings (Note 11.5.4).

- **Creation of CD Supply Innovation**

On 4 December 2017, Casino and Dia announced that they were extending their cooperation on private labels that began in 2015, by creating a new joint subsidiary named CD Supply Innovation. The new company, which began operations on 15 December 2017, manages the ordering, payment and supply of private label products for both groups.
Casino's investment in CD Supply Innovation did not have a material impact on the consolidated statement of financial position and income statement in 2017.

Note 3 Scope of consolidation

Accounting principles

Basis of consolidation

The consolidated financial statements include the financial statements of all material subsidiaries, joint ventures and associates over which the parent company exercises control, joint control or significant influence, either directly or indirectly (see list of consolidated companies in Note 17).

Subsidiaries

Subsidiaries are companies controlled by the Group. Control exists when the Group (i) has power over the entity, (ii) is exposed or has rights to variable returns from its involvement with the entity, and (iii) has the ability to affect those returns through its power over the entity.
The consolidated financial statements include the financial statements of subsidiaries from the date when control is acquired to the date at which the Group no longer exercises control. All controlled companies are fully consolidated in the Group's statement of financial position, regardless of the percentage interest held.

Potential voting rights

Control is assessed by taking potential voting rights into account, but only if they are substantive; that is, if the entity has the practical ability to exercise its rights with respect to the exercise price, date and terms.
The Group may own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares or other similar instruments that have the potential, if exercised or converted, to give the Group voting power or reduce another party's voting power over the financial and operational policies of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event.

Joint ventures

A joint venture is a joint arrangement in which the parties that exercise joint control over an entity have rights to its net assets. Joint control involves the contractually agreed sharing of control over an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
Joint ventures are accounted for in the consolidated financial statements using the equity method.

Associates

Associates are companies in which the Group exercises significant influence over financial and operational policies without having control. They are accounted for in the consolidated financial statements using the equity method.

Equity method of accounting

The equity method provides that an investment in an associate or a joint venture be recognised initially at acquisition cost and subsequently adjusted by the Group's share in profit or loss and, where appropriate, in other comprehensive income of the associate or joint venture. Goodwill related to these entities is included in the carrying amount of the investment. Any impairment losses and gains or losses on disposal of investments in equity-accounted entities are recognised in "Other operating income and expenses".
Profits/losses from internal acquisitions or disposals with equity-accounted associates are eliminated to the extent of the Group's percentage interest in these companies. In the absence of any guidance in IFRS concerning cases where the amount to be eliminated is greater than the carrying amount of the investment in the equity-accounted company, the Group has elected to cap the amount eliminated from the accounts in the transaction year and to deduct the uneliminated portion from its share of the equity-accounted company's profits in subsequent years. The Group follows a transparent approach to accounting for associates under the equity method and takes into account, if relevant, its final percentage interest in the associate for the purpose of determining the proportion of profit (loss) to be eliminated.
In the absence of any standard or interpretation covering dilution of the Group's interest in a subsidiary of an equity-accounted company, the dilution impact is recognised in the Group's share of the profit (loss) of the equity-accounted investee.

Business combinations

As required by IFRS 3 revised, the consideration transferred (acquisition price) in a business combination is measured at the fair value of the assets transferred, equity interests issued and liabilities incurred on the date of the transaction. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Acquisition-related costs are recognised in "Other operating expenses", except for those related to the issue of equity instruments.
Any excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed is recognised as goodwill. At the date when control is acquired and for each business combination, the Group may elect to apply either the partial goodwill method (in which case, the amount of goodwill is limited to the portion acquired by the Group) or the full goodwill method. Under the full goodwill method, non-controlling interests are measured at fair value and goodwill is recognised on the full amount of the identifiable assets acquired and liabilities assumed.
Business combinations completed prior to 1 January 2010 were accounted for using the partial goodwill method, which was the only method applicable prior to publication of the revised version of IFRS 3.

In the case of an acquisition achieved in stages (step acquisition), the previously-held interest is remeasured at fair value as at the date control is acquired. The difference between the fair value and carrying amount of the previously-held interest is recognised directly in profit or loss (under "Other operating income" or "Other operating expenses").
The provisional amounts recognised on the acquisition date may be adjusted retrospectively if the information needed to revalue the assets acquired and the liabilities assumed corresponds to new information obtained by the buyer and concerns facts and circumstances that existed as of the acquisition date. Goodwill may not be adjusted after the measurement period (not exceeding 12 months from the date when control is acquired). Any subsequent acquisitions of non-controlling interests do not give rise to the recognition of additional goodwill.

Any contingent consideration is included in the consideration transferred at its acquisition-date fair value, whatever the probability that it will become due. Subsequent changes in the fair value of contingent consideration due to facts and circumstances that existed as of the acquisition date are recorded by adjusting goodwill if they occur during the measurement period or directly in profit or loss for the period under "Other operating income" or "Other operating expenses" if they arise after the measurement period, unless the obligation is settled in equity instruments. In that case, the contingent consideration is not remeasured subsequently.

Intra-group transfers of shares in consolidated companies

In the absence of any guidance in IFRS on the accounting treatment of intra-group transfers of shares in consolidated companies leading to a change in percentage interest, the Group applies the following principle:

- the transferred shares are maintained at historical cost and the gain or loss on the transfer is eliminated in full from the accounts of the acquirer;
- non-controlling interests are adjusted to reflect the change in their share of equity, and a corresponding adjustment is made to consolidated reserves, without affecting profit or total equity.

Foreign currency translation

The consolidated financial statements are presented in euros, which is the functional currency of the Group's parent company. Each Group entity determines its own functional currency and all of their financial transactions are measured in that currency.

The financial statements of subsidiaries that use a different functional currency from that of the parent company are translated using the closing rate method, as follows:

- assets and liabilities, including goodwill and fair value adjustments, are translated into euros at the closing rate, corresponding to the spot exchange rate at the reporting date;
- income statement and cash flow items are translated into euros using the average rate of the period unless significant variances occur.

The resulting translation differences are recognised directly within a separate component of equity. When a foreign operation is disposed of, the cumulative differences recognised in equity on translation of the net investment in the operation concerned at successive reporting dates are reclassified to profit or loss. Because the Group applies the step-by-step method of consolidation, the cumulative translation differences are not reclassified to profit or loss if the foreign operation disposed is part of a sub-group. This reclassification will occur only at the disposal of the sub-group.

Foreign currency transactions are translated into euros using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting translation differences are recognised in the income statement under "Foreign currency exchange gains" or "Foreign currency exchange losses". Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the transaction date.

Exchange differences arising on translation of the net investment in a foreign operation are recognised in the consolidated financial statements as a separate component of equity and reclassified to profit or loss on disposal of the net investment.

Exchange differences arising on translation of (i) foreign currency borrowings hedging a net investment denominated in a foreign currency or (ii) permanent advances made to subsidiaries are also recognised in equity and reclassified to profit or loss on disposal of the net investment.

3.1 Transactions affecting the scope of consolidation in 2017

3.1.1 Loss of control of a group of Casino supermarkets

In line with its ongoing franchising development plans, in February 2017, Distribution Casino France sold to a master franchisee a 51% stake in two sub-groups representing a total of 21 Casino supermarkets that were loss-making under the integrated management system. The net loss on the sale amounted to €30 million and was recorded in "Other operating expenses" (Note 6.5).

If the transaction had been completed on 1 January 2017, the impact on net sales for the year, trading profit, other operating income and expenses and the Group's share of profit of equity-accounted investees would have been non-material.

Distribution Casino France has two call options on these two groups of stores, which are exercisable between November 2018 and October 2020 (Note 3.4.2).

3.1.2 Changes in scope relating to the Franprix-Leader Price sub-group

On 10 February 2017 and 8 March 2017, Franprix-Leader Price acquired an additional 40% stake in the Sarjel group, which was previously 60%-owned. The amount disbursed for this acquisition was €19 million including transaction costs (Note 4.7). The operation was accounted for as a transaction between owners, leading to a €4 million reduction in equity attributable to owners of the parent, and a €14 million reduction in liabilities for put options granted to owners of non-controlling interests.

In addition, as part of the ongoing strategy to transform the store base and improve its profitability, Franprix-Leader Price began the process of selling a group of 105 Franprix and Leader Price stores to a master franchisee. At 31 December 2017, the assets and liabilities of these 105 stores – representing net assets of €33 million – were reclassified as "Assets held for sale" for €67 million and "Liabilities associated with assets held for sale" for €34 million, as required by IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. No material impairment losses were recognised on reclassification of the stores in accordance with IFRS 5.
A further 17 Franprix and Leader Price stores will be transferred to the master franchisee under business leases. The sale was completed on February 28, 2018 once Competition Authority approval had been obtained. Meanwhile management of the stores was performed by the master franchisee since 13 October 2017.
Franprix-Leader Price has retained a 49% interest in the group of stores and has a call option exercisable at the end of 2021.

Lastly, Franprix-Leader Price acquired control of various stores during 2017, at a total cost of €43 million (including €23 million disbursed during the year). Provisional goodwill on these transactions amounted to €32 million. One of the acquired sub-groups was previously accounted for by the equity method in the Casino Group's consolidated financial statements. The previously-held interest was therefore remeasured at its acquisition-date fair value, leading to the recognition of a €9 million gain in "Other operating income".
The contribution of these stores to consolidated net sales was €2 million. Their contribution to profit before tax for the year was a negative €3 million before taking into account the gain recognised on remeasurement of the previously-held interest.
If these acquisitions had been completed on 1 January 2017, the additional contribution to consolidated net sales and net profit before tax would have been €17 and €2 million respectively (before taking into account the gain recognised on remeasurement of the previously-held interest).

3.2 Transactions affecting the scope of consolidation in 2016

3.2.1 Disposal of operations in Asia

- **Disposal of operations in Thailand**

On 14 January 2016, the Group announced its intention to sell its stake in its subsidiary Big C Supercenter PCL ("Big C"), a company listed in Thailand. Big C was sold on 21 March 2016 to BJC, a TCC group subsidiary. The proceeds from the sale amounted to €3,066 million net of disposal costs, generating an after-tax gain of €2,314 million (Note 3.5.2).
As part of the transaction, Cnova sold its economic interests in Cdiscount Thailand to the BJC group for €28 million net of disposal costs (including repayment of a €6 million loan), realising an after-tax gain of €27 million (Note 3.5.2).

- **Disposal of operations in Vietnam**

On 29 April 2016, the Group announced that it had sold Big C Vietnam to the Central group for an enterprise value of €1 billion. As the decision to dispose of operations in Vietnam was made before the end of 2015, the assets and liabilities of the E-commerce and Retail businesses in Vietnam were classified as held for sale at 31 December 2015. The proceeds amounted to €875 million net of disposal costs, generating an after-tax gain of €524 million (Note 3.5.2).

Following the disposal of its operations in Thailand and Vietnam, representing the entire "Asia" operating segment and part of the "E-commerce" operating segment, the Group presented the net after-tax profit of its Thai and Vietnamese operations as well as the capital gain on the disposal of these businesses on a separate line of the income statement ("Net profit from discontinued operations").

3.2.2 Acquisition of Éxito shares

Between 1 March and 28 March 2016, the Group acquired 2.4 million shares in its subsidiary Éxito for a total of USD 11 million (€10 million) (Note 4.7), increasing its stake in the company to 55.30% from 54.77% previously. These transactions had a €6 million positive impact on equity attributable to owners of the parent and a €17 million negative impact on non-controlling interests.

3.2.3 Acquisition of GPA shares

In June 2016, the Group acquired 970 thousand preference shares, representing approximately 0.4% of GPA's capital, for €11 million (Note 4.7). These transactions had a €6 million positive impact on equity attributable to owners of the parent and a €17 million negative impact on non-controlling interests.

3.2.4 Changes in scope relating to the Franprix-Leader Price sub-group

In line with the ongoing franchising development plans at Franprix-Leader Price, in 2016 the subsidiary sold to two master franchisees a group of Franprix and Leader Price stores that were loss-making under the integrated management system. The Group sold a 51% interest in the stores, generating a €61 million net loss recognised in "Other operating expenses" (Note 6.5). If the transactions had been completed on 1 January 2016, (i) net sales for the year would have been reduced by €33 million, (ii) trading profit would have been increased by €13 million, (iii) other operating expenses would have been increased by €9 million (comprising impairment losses of €4.5 million and a €4.5 million remeasurement of the retained interest) and (iv) the Group’s share of profit of equity-accounted investees would have been reduced by €6 million.
Franprix-Leader Price has various call options on the stores (Note 3.4.2).

Master franchisees also acquired a 49% interest in a group of profit-making Franprix and Leader Price stores. These disposals without loss of control, had no material impact on equity attributable to owners of the parent.

Furthermore, Franprix-Leader Price also acquired controlling interests in various groups in 2016. The amounts disbursed for these acquisitions totalled €32 million and generated provisional goodwill of €35 million. Since some of the sub-groups acquired were previously equity-accounted in the Casino Group's consolidated financial statements, the remeasurement of the interests previously held generated a €3 million gain.
The sub-groups' contribution to consolidated net sales for the period from the acquisition date to the 2016 year-end amounted to €23 million. Their contribution to pre-tax profit for the period was a negative €11 million.
If the acquisitions had been completed on 1 January 2016, net sales for the year would have been increased by €16 million and pre-tax profit would have been reduced by €1 million.

3.2.5 Loss of control of a group of Casino supermarkets

In line with its franchising development strategy, during the second half of 2016 Distribution Casino France sold to a master franchisee a 51% stake in a group of 12 Casino supermarkets that were loss-making under the integrated management system. The net loss on the sale amounted to €34 million and was recorded in "Other operating expenses" (Note 6.5). If the transaction had been completed on 1 January 2016, (i) net sales for the year would have been reduced by €14 million, (ii) trading profit would have been increased by €9 million, (iii) other operating expense would have been increased by €1 million and the Group's share of profit of equity-accounted investees would have been reduced by €3 million.
Distribution Casino France has a call option on the group of stores that is exercisable in 2019 (Note 3.4.2).

3.2.6 Acquisition of control of Geimex

The Group acquired control of Geimex in October 2016. Geimex was previously jointly controlled and was accounted for by the equity method on a 50% basis in the Group accounts until 31 October 2016. The purchase price amounted to €45 million and the transaction costs came to €1 million.
The change in accounting method from the equity method at 50% to full consolidation resulted in the recognition of a €16 million gain from remeasurement of the previously-held interest, which was recognised in “Other operating income” (Note 6.5).
Geimex's contribution to consolidated net sales and consolidated net profit for the period from 31 October to 31 December 2016 amounted to €25 million and €1 million respectively (excluding the gain from remeasurement at fair value of the previously-held interest). If control of Geimex had been acquired on 1 January 2016, it would have added €148 million to net sales and €1 million to consolidated net profit.
The final accounting for the business combination did not lead to any adjustment to the fair value of the assets and liabilities as determined in 2016. Goodwill recognised on the acquisition amounted to €69 million.

3.2.7 Creation of the Viva Malls real estate trust in Colombia

On 15 July 2016, Éxito created a Colombian real estate trust named Viva Malls to hold all of the Viva brand shopping centres and malls. On 22 December 2016, Éxito and Fondo Inmobiliario Colombia (FIC), a private equity fund managed by Fiduciara Bancolombia, signed an agreement providing for the acquisition by FIC of a 49% stake in the trust's capital. FIC's total capital commitment amounts to COP 773 billion (€245 million), of which €124 million excluding expenses was paid as of 31 December 2016, €80 million was paid in 2017 (Note 4.7) and the balance will be paid by 30 June 2018. FIC's stake in Viva Malls was valued based on the total value attributed to the trust's real estate assets of COP 1,600 billion (€506 million). Following this transaction, Éxito owns 51% of Viva Malls.

The operation was accounted for as a transaction between owners, leading to a €3 million reduction in equity attributable to owners of the parent (including €6 million in costs) and a €115 million increase in non-controlling interests (net of €5 million in costs) in 2016, and increases of €23 million and €58 million respectively in 2017.

3.3 Investments in equity-accounted investees

3.3.1 Significant associates and joint ventures

The following table presents the condensed financial statements (on a 100% basis) for the four main investees accounted for by the equity method. These condensed financial statements prepared in accordance with IFRS correspond to the investees' published financial statements, as restated where appropriate for the adjustments made by the Group, for example fair value adjustments on the date control is acquired or lost, adjustments to bring the investee's accounting policies into line with Group policies, or adjustments to eliminate gains and losses on intra-group acquisitions and disposals for the portion corresponding to the Group's percentage interest in the investee:

(€ millions)	2017				2016			
	Mercialys (i)	**Tuya (vii)**	**Banque du Groupe Casino**	**FIC (ii)**	**Mercialys (i)**	**Tuya (vii)**	**Banque du Groupe Casino**	**FIC (ii)**
Country	**France**	**Colombia**	**France**	**Brazil**	France	Colombia	France	Brazil
Business	**Real estate**	**Banking**	**Banking**	**Banking**	Real estate	Banking	Banking	Banking
Type of relationship	**Associate**	**Joint venture**	**Joint venture**	**Associate**	Associate	Joint venture	Joint venture	Associate
% interests and voting rights (iii)	**40%**	**50%**	**50%**	**50%**	40%	50%	50%	50%
Net sales	**188**	**403**	**139**	**274**	192	254	136	290
Net profit from continuing operations	**79**	**12**	**3**	**50**	94	3	3	61
Other comprehensive income	**-**	**-**	**-**	**-**	-	-	-	-
Total comprehensive income	**79**	**12**	**3**	**50**	**94**	**3**	**3**	**61**
Non-current assets	**2,882**	**-**	**17**	**17**	2,923	-	22	13
Current assets (iv)	**274**	**728**	**978**	**1,163**	149	793	864	1,184
Non-current liabilities	**(1,401)**	**-**	**(19)**	**(3)**	(1,263)	(296)	(6)	(4)
Current liabilities	**(335)**	**(657)**	**(864)**	**(1,013)**	(386)	(440)	(779)	(889)
of which credit activities-related liabilities	***-***	***(516)***	***(844)***	***(994)***	*-*	*(341)*	*(759)*	*(889)*
Net assets	**1,420**	**71**	**112**	**164**	**1,423**	**57**	**101**	**303**
Of which net assets attributable to owners of the parent	***1,322***	***71***	***112***	***164***	*1,317*	*57*	*101*	*303*
Share of net assets	**532**	**35**	**56**	**82**	**530**	**28**	**51**	**151**
Goodwill	**20**	**-**	**33**	**-**	20	-	33	-
Elimination of share of intra-group margins	**(190)**	**-**	**-**	**-**	(184)	-	-	-
IFRS 5 reclassifications	**-**	**-**	**-**	**(22)**	-	-	-	(42)
Other adjustments (v)	**-**	**(3)**	**-**	**(15)**	-	-	-	(17)
Investments in equity-accounted investees (Note 3.3.3)	**362**	**32**	**89**	**45**	**366**	**28**	**84**	**92**
Dividends received from associates or joint ventures	**38**	**-**	**-**	**59 (vi)**	**37**	**-**	**-**	**-**

(i) As at 31 December 2017, the Group held 40.24% of the capital of Mercialys. The Group considers that it exercises significant influence over the financial and operating policies of the Mercialys Group. This position is based on (a) the absence of a majority vote on strategic decisions at meetings of the company's Board of Directors, which is mostly made up of independent directors, (b) the governance rules stipulating that Casino's representatives on the Mercialys Board may not take part in decisions concerning transactions carried out with the Group, (c) business contracts entered into between the Group and Mercialys on an arm's length basis, and (d) an analysis of the votes cast at recent General Shareholders Meetings of Mercialys (showing that Casino and its related parties do not control shareholder decisions at General Meetings).

(ii) The main associate of the GPA sub-group is FIC, which was set up by GPA in partnership with Banco Itaú Unibanco SA ("Itaú Unibanco") to finance purchases by GPA's customers. Associates of the GPA sub-group are accounted for using the equity method as GPA exercises significant influence over their operating and financial policies. The data presented above only concern FIC as the other associates are not material.

(iii) The percentage interest corresponds to that held by Casino, except in the case of Tuya (interest held by the Éxito sub-group) and FIC (interest held by GPA). GPA holds 50% of the voting rights in FIC and 41.93% of the capital (including 6.17% through Via Varejo which is classified as held-for-sale in accordance with IFRS 5).

(iv) The current assets and liabilities of Banque du Groupe Casino, Tuya and FIC primarily concern their credit business.

(v) Concerning FIC, the adjustment concerns a statutory reserve over which Itaú Unibanco has exclusive rights.

(vi) This amount only concerns GPA's direct interest and does not include €25 million in dividends received by Via Varejo.

(vii) Tuya was set up in partnership with Bancolombia to manage the banking services offered to customers of the stores in Colombia, primarily the possibility of acquiring a store card. The partnership structure changed in October 2016 when Éxito became a 50% shareholder of Tuya.

3.3.2 Other investments in associates and joint ventures

At 31 December 2017, the carrying amounts of investments in other associates and joint ventures stood at €43 million and €15 million, respectively (Note 3.3.3). The aggregate amounts of key financial statement items for these associates and joint ventures are not material. Dividends received from these associates and joint ventures amounted to €4 million in 2017 (2016: €2 million).

3.3.3 Changes in investments in equity-accounted investees

(€ millions)	As at 1 January	Impairment loss	Share of profit for the year	Dividends	IFRS 5 reclassifications	Other	As at 31 December
Associates							
GPA Group associates (FIC & BINV)	88	-	28 (i)	(7)	(42) (ii)	26	92
Mercialys	376	-	35	(37)	-	(8) (iii)	366
Franprix–Leader Price Group associates	10	-	(40)	-	-	32 (v)	2
Other	35	-	-	(2)	-	6	39
Joint ventures							
Banque du Groupe Casino	80	-	1	-	-	3	84
Geimex (iv)	28	-	-	-	-	(28)	-
Tuya (Éxito)	-	-	3	-	-	25	28
Other	12	-	1	-	-	1	13
2016	**629**	**-**	**28 (i)**	**(46)**	**(42)**	**57**	**625**
Associates							
FIC (GPA)	**92**	**-**	**18**	**(53)**	**-**	**(12)**	**45**
Mercialys	**366**	**-**	**29**	**(38)**	**-**	**6 (iii)**	**362**
Franprix–Leader Price Group associates	**2**	**-**	**(39)**	**-**	**-**	**40 (v)**	**4**
Other	**39**	**-**	**1**	**(4)**	**-**	**3**	**39**
Joint ventures							
Banque du Groupe Casino	**84**	**-**	**1**	**-**	**-**	**4**	**89**
Tuya (Éxito)	**28**	**-**	**3**	**-**	**-**	**1**	**32**
Other	**13**	**-**	**(1)**	**-**	**-**	**3**	**15**
2017	**625**	**-**	**13**	**(96)**	**-**	**45**	**587**

(i) Of which €8 million in share of profit of associates classified as discontinued operations in 2016.
(ii) The investments in BINV and FIC held by Via Varejo were reclassified as "Assets held for sale" at 31 December 2016.
(iii) The €6 million increase in 2017 and €8 million decrease in 2016 correspond mainly to the elimination of gains and losses on purchases and sales of property assets between Casino and Mercialys for the portion corresponding to Casino's percentage interest in Mercialys.
(iv) The sub-group Geimex has been fully consolidated since 1 November 2016.
(v) The amounts of €40 and €32 million respectively in 2017 and 2016 relate to the reclassification of the share of losses from associates of Franprix-Leader Price that exceed the book value of the investments, when Franprix-Leader Price has an obligation to cover its share in the losses of those associates.

3.3.4 Impairment losses on investments in equity-accounted investees

With the exception of Mercialys, associates and joint ventures are privately-held companies for which no quoted market prices are available to estimate their fair value.
The fair value of the investment in Mercialys at the reporting date was €683 million, determined using the share price on 31 December 2017 (31 December 2016: €712 million). This value does not reflect any impairment. Mercialys' EPRA NNNAV at 31 December 2017 amounted to €1,887 million on a 100% basis, of which the Group's share was €759 million.
The impairment tests carried out at 31 December 2017 and 31 December 2016 did not result in the recognition of any impairment loss.

3.3.5 Share of contingent liabilities of equity-accounted investees

As at 31 December 2017 and 31 December 2016, none of the Group's associates and joint ventures had any material contingent liabilities.

3.3.6 Related party transactions (equity-accounted investees)

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

(€ millions)	2017		2016 (i)	
	Associates	**Joint ventures**	**Associates**	**Joint ventures**
Loans	**15**	**13**	21	24
of which impairment	***(63)***	**-**	*(31)*	-
Receivables	**78**	**49**	80	29
of which impairment	***(1)***	**-**	*(2)*	-
Payables	**10**	**256**	9	217
Expenses	**89** (ii)	**1,117** (iii)	**113** (ii)	**1,130** (iii)
Income	**944** (iv)	**34**	**774** (iv)	**42**

(i) Previously reported information for 2016 has been adjusted, mainly to include transactions with the Distridyn joint venture.
(ii) Of which rental revenue excluding occupancy costs for the 74 leases signed with Mercialys for €55 million in 2017 (2016: 79 leases for €59 million). At 31 December 2017, future minimum lease payments due to Mercialys on property assets amounted to €68 million, including €43 million due within one year.
(iii) Including €1,095 million in fuel purchases from Distridyn in 2017 (2016: €1,080 million).
(iv) Income of €944 million in 2017 (2016: €774 million) also includes sales of goods by Franprix-Leader Price and Distribution Casino France to master franchisees accounted for by the equity method, for €826 million (2016: €592 million). It also includes income related to property development transactions with Mercialys reported under "Other income" for €45 million (2016: €77 million).

Transactions with Mercialys

Casino has entered into various agreements with Mercialys:

- Leases: Casino leases units in certain shopping centres from Mercialys, for which the rent is included in the above table.
- Asset management agreement: Casino provides rental management services for nearly all Mercialys properties. In 2017, the related management fees amounted to €6 million (2016: €6 million).
- Partnership agreement: this agreement was approved by the Board of Directors on 22 June 2012 and an addendum was signed on 12 November 2014. The partnership's fundamental principle whereby Casino develops and manages a pipeline of projects that Mercialys acquires to feed its business growth has been maintained in the new agreement. The original agreement concerned a pipeline of projects identified in advance and offering satisfactory visibility. The new agreement enables Mercialys to propose new projects that will be examined by Casino and tracked during monitoring committee meetings.
  Casino will not undertake any work until the order is reconfirmed by Mercialys once the necessary permits have been obtained and leases have been signed on units representing at least 60% of total projected rental revenues from signed leases.
  The acquisition price of projects developed by Casino was calculated under the original agreement on the basis of (i) a rent capitalisation rate determined using a grid that is updated twice a year by reference to the rates used to value Mercialys' portfolio and (ii) projected rental revenues from the project. Under the new agreement, the projected internal rate of return (IRR) – within the range of 8% to 10% – may also be taken into account for pricing purposes.
  The principle whereby the upside and downside are shared equally between Casino and Mercialys has been maintained to take into account the actual conditions in which the assets will be marketed. For

example, the price will be increased or reduced by 50% of any positive (upside) or negative (downside) difference between the actual rents negotiated during the marketing process and the rents projected at the outset. The contracts require the parties to meet during the pre-acquisition process.
In exchange for the exclusive partnership, Mercialys has undertaken not to invest in any operations that could lead to a material increase in competition in the catchment area of any of the Casino Group's food stores.
At the end of January 2017, the partnership agreement was extended by three years, until end-2020.

- Support services agreement: the Group provides administrative, finance / accounting, IT and real estate support services to Mercialys. In 2017, the related fees amounted to €2 million (2016: €2 million).
- Consulting services agreement: Mercialys makes available to Casino the services of its team of real estate portfolio enhancement specialists. This agreement had no material impact in 2017 or 2016.
- Exclusive sale mandate: Casino seeks buyers for real estate assets on behalf of Mercialys. In 2017, the related fees amounted to €1 million (2016: €1 million).
- Current account and cash management agreement: Casino has provided Mercialys with a €50 million confirmed line of credit expiring in December 2020 at an annual interest rate based on the Euribor plus a spread ranging from 40 bps to 95 bps depending on the amount borrowed under the facility. The Group also charges a 38-bps commitment fee (40% of the maximum 95-bps spread) on undrawn amounts. This agreement had no material impact in 2017 or 2016.

In 2017, the Group purchased five service centres from Mercialys for a total amount of €39 million as well as the converted Toulouse Fenouillet hypermarket for €33 million.

According to the partnership agreement between Casino and Mercialys, during 2017:

- Casino sold the Jumbo Sacré Coeur shopping mall development project on Réunion Island to Mercialys for €27 million. After eliminating a percentage equal to the Group's interest in Mercialys, the transaction led to the recognition of €16 million in "Other income" and a positive contribution to EBITDA of €3 million.
- Contingent consideration and margins recognised by the percentage of completion method in 2017 were recorded by Casino on property development projects sold to Mercialys in prior periods. After eliminating a percentage equal to the Group's interest in Mercialys, the transactions led to the recognition of €8 million in "Other income" and a positive contribution to EBITDA of €7 million.

Mercialys sold the following assets resulting from property development projects originally sold by Casino to Mercialys:

- The Poitiers Beaulieu site, which was sold to a family office financed by HSBC. The transaction led to the recognition of €13 million in "Other income" in respect of the additional portion of the property development income previously eliminated in a proportion of 40%, and a €9 million contribution to EBITDA.
- The Fontaine-lès-Dijon shopping mall, which was sold to a fund, leading to the recognition of €5 million in "Other income" in respect of the additional portion of the property development income previously eliminated in a proportion of 40%, and a €3 million contribution to EBITDA.

3.3.7 Commitments to joint ventures

The Group has given guarantees to joint ventures (also presented in Note 6.11.1) for an amount of €125 million at 31 December 2017 (31 December 2016: €60 million) including €65 million for CD Supply Innovation (Note 2) and €60 million for Distridyn.

3.4 Commitments related to the scope of consolidation

3.4.1 Put options granted to owners of non-controlling interests – "NCI puts"

Accounting principle

The Group has granted put options to the owners of non-controlling interests in some of its subsidiaries. The exercise price may be fixed or based on a predetermined formula. In accordance with IAS 32, obligations under these NCI puts are recognised as "Financial liabilities" ; fixed price options are recognised at their discounted present value and variable price options at fair value. The options may be exercisable at any time or on a specified date. Since 2015, NCI puts are presented on a separate line of the consolidated statement of financial position, "Put options granted to owners of non-controlling interests".

IAS 27 revised, which is effective for annual periods beginning on or after 1 January 2010, and subsequently IFRS 10, effective for annual periods beginning on or after 1 January 2014, describe the accounting treatment of acquisitions of additional shares in subsidiaries. The Group has decided to apply two different accounting methods for these NCI puts, depending on whether they were granted before or after 1 January 2010, as recommended by France's securities regulator (*Autorité des marchés financiers*):

- NCI puts granted before the effective date of IAS 27 revised are accounted for using the goodwill method whereby the difference between the financial liability and the carrying amount of the non-controlling interests is recognised in goodwill. In subsequent years, this liability is remeasured and any changes adjust goodwill.
- NCI puts granted since IAS 27 revised came into effect are accounted for as transactions between shareholders, with the difference between the financial liability and the carrying amount of the non-controlling interests recognised as a deduction from equity. In subsequent years, this liability is remeasured and any changes adjust equity.

NCI puts can be analysed as follows at 31 December 2017:

(€ millions)	% Group interest	Commitment to non-controlling interests	Fixed or variable exercise price	Non-current liabilities (iii)	Current liabilities (iii)
Franprix–Leader Price (i)	50.00% to 70.00%	30.00% to 50.00%	F/V	26	21
Éxito (Disco) (ii)	62.49%	29.82%	V	-	119
Other				2	3
Total NCI put liabilities				**28**	**143**

(i) The value of NCI puts on subsidiaries of the Franprix-Leader Price sub-group is generally based on net profit. A 10% increase or decrease in the indicator would not have a material impact. The exercisable periods of the options range between 2017 and 2031.

(ii) This option is exercisable at any time until 21 June 2021. The exercise price is the lowest amount obtained using different calculation formulas. The formula applied at 31 December 2017 is based on a multiple of 12 times average net profit for the last two years. A 10% increase or decrease in net profit would lead to a €12 million increase or decrease in the financial liability as at 31 December 2017.

(iii) As at 31 December 2016, NCI put liabilities amounted to €382 million, including current liabilities of €341 million. The decrease in 2017 was mainly due to the public tender offer for Cnova N.V. shares (Note 2), which led to €187 million in NCI put liabilities being derecognised.

3.4.2 Off-balance sheet commitments

Accounting principle

Under the terms of the option contracts, the exercise price of written put and call options may be determined using earnings multiples of the companies concerned. In this case, the options are valued based on the latest published earnings for options exercisable at any time and earnings forecasts or projections for options exercisable as of a given future date. In many cases, the put option written by the Group is matched by a call written by the other party; in these cases, the value shown corresponds to that of the written put.

Written put options on shares in non-controlled companies stand at €16 million as at 31 December 2017 (31 December 2016: €5 million), and concerned the Monoprix and Franprix-Leader Price sub-groups.

Call options granted to the Group on shares in non-controlled companies stand at €499 million as at 31 December 2017 (31 December 2016: €506 million), and mainly concerned:

- The following call options in connection with transactions carried out with Mercialys:
  - call option on 100% of the assets or 100% of the shares of Hyperthetis Participations, exercisable from 31 December 2020 and until 31 March 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
  - call option on a property asset previously sold to Immosiris, exercisable between 31 March 2021 and 30 September 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
  - call option exercisable on 31 July 2018, at Casino's initiative and subject to certain conditions, on either (i) the property assets held by SCI Rennes – Anglet, valued at a fixed price of €64 million or (ii) the SCI Rennes – Anglet shares held by OPPCI SEREIT France, valued at the company's market value (NAV), based on the property portfolio's appraisal value of €64 million excluding transfer costs. On 30 January 2018, the Group notified OPPCI SEREIT France of its decision to exercise the call on the 70% of the SCI's shares held by OPPCI, at an exercise price provisionally estimated at €22 million excluding transfer costs.
- The Group also has call options on stores sold to master franchisees that are exercisable between 2018 and 2022 at prices based on a percentage of the improvement in EBITDA. Details of the transactions with these master franchisees are provided in Notes 3.1.1, 3.2.4 and 3.2.5.
- Lastly, the Group has a call option on SCI Simonop'1 shares exercisable between 1 and 29 January 2022 or between 1 and 29 January 2023 at a price based on the company's EPRA NNNAV.

3.5 Non-current assets held for sale and discontinued operations

Accounting principle

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this condition to be met, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to a plan to sell the asset which, in accounting terms, should result in the conclusion of a sale within one year of the date of this classification. Considering these characteristics, net assets held for sale attributable to owners of the parent of the selling subsidiary are presented as a deduction from net debt (Note 11).

Property, plant and equipment and intangible assets classified as held for sale are no longer depreciated or amortised.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

An operation represents a separate major line of business when it constitutes a reportable segment. It is classed as discontinued if the criteria for classifying the related assets as "held for sale" have been met or when it has already been disposed of. Classification as a discontinued operation occurs when the operation is disposed of or on a prior date when it fulfils the criteria for classification as held for sale.

When an operation is classified as discontinued, the comparative income statement and statement of cash flows are restated as if the operation had fulfilled the criteria for classification as discontinued as from the first day of the comparative period. Discontinued operations are presented on a separate line of the consolidated income statement, "Profit from discontinued operations", which includes the net profit or loss of the discontinued operation up to the date of disposal, and if appropriate, any impairment loss recognised to write down the net assets held for sale to their fair value less costs to sell and/or any after-tax disposal gains or losses.

3.5.1 Assets held for sale and liabilities associated with assets held for sale

(€ millions)	Notes	31 December 2017		31 December 2016	
		Assets	Liabilities	Assets	Liabilities
Via Varejo sub-group	2 / 3.5.2	**6,041**	**4,571**	6,039	4,404
Other [(i)]		**552**	**109**	81	-
Total		**6,593**	**4,680**	**6,120**	**4,404**
Net assets		**1,913**		1,716	
Of which attributable to owners of the parent of the selling subsidiary	*11.2*	***1,070***		*768*	

(i) At 31 December 2017, this line consisted mainly of property assets in the France Retail segment and various stores (including the 105 Franprix-Leader Price stores held for sale as described in Note 3.1.2 and the 105 stores making up the Sarjel sub-group).

3.5.2 Discontinued operations

Profit from discontinued operations, mostly composed of Via Varejo (including Cnova Brazil) (Note 2), breaks down as follows:

(€ millions)	2017 (i) (ii)	2016 (i)	*Of which Via Varejo*
Net sales	**7,115**	6,757	*6,009*
Expenses	**(7,006)**	(6,990)	*(6,280)*
Gain on disposal of discontinued operations	**-**	2,893	-
Disposal proceeds	**-**	4,054	-
Disposal costs	**-**	(92)	-
Carrying amount of net assets sold	**-**	(1,160)	-
Other items of comprehensive income (loss) reclassified to profit or loss, net of tax (iii)	**-**	91	-
Impairment loss resulting from the measurement of Via Varejo at fair value less costs to sell (iv)	**(36)**	(461)	*(461)*
Net profit before tax from discontinued operations	**74**	**2,198**	***(732)***
Income tax expense	**(34)**	(46)	*(9)*
Share of profit of equity-accounted investees	**7**	8	*8*
Net profit from discontinued operations	**47**	**2,161**	***(734)***
Attributable to owners of the parent	***(7)***	*2,645*	*(226)*
Attributable to non-controlling interests	***54***	*(484)*	*(508)*

(ii) The amounts reported for 2017 mainly represent 12 months of business for Via Varejo. The amounts reported for 2016 included 12 months of business for Via Varejo, the two months of business prior to disposal of operations in Thailand on 21 March 2016 and the four months of business prior to disposal of operations in Vietnam on 29 April 2016.

(iii) In 2017, Via Varejo reported net sales of €7,115 million and EBITDA of €414 million (2016: €6,009 million and €251 million, respectively).

(iv) The reclassification of Via Varejo in "Discontinued operations" had no impact on other comprehensive income in 2017 or 2016. The sale of Via Varejo will not lead to any related foreign currency translation adjustments being reclassified to profit or loss.

(v) When it was reclassified in "Discontinued operations" in 2016, in accordance with IFRS 5, Via Varejo's fair value (including Cnova Brazil) was estimated at €1,656 million (before estimated costs to sell of €20 million), based on the share price of BRL 10.75 as at 31 December 2016 plus an estimated control premium. The share price was approximately the same at 30 June 2017 and the valuation was therefore not adjusted as at that date. The fair value measurement led to the recognition of an impairment loss of €461 million as at 31 December 2016 and €36 million as at 30 June 2017. No additional impairment loss was recorded as at 31 December 2017, as the share price at the year-end was BRL 24.47, representing a market value of €2,653 million before the control premium.

Earnings per share of discontinued operations are presented in Note 12.9.

3.5.3 Net cash from/(used in) discontinued operations

Cash flows from discontinued operations in 2017 mainly concern Via Varejo. In 2016, they included reclassifications of cash flows from Via Varejo's operating, investing and financing activities, and the €3,962 million proceeds from the sale of the Group's businesses in Asia (Note 3.5.2 to the 2016 consolidated financial statements).

Note 4 Additional cash flow disclosures

Accounting principle

The statement of cash flows is prepared using the indirect method starting from consolidated net profit (loss) and is organised in three sections:

- Cash flows from operating activities, including taxes, transaction costs for acquisitions of subsidiaries, dividends received from associates and joint ventures and payments received in respect of government grants.
- Cash flows from investing activities, including acquisitions of subsidiaries (excluding transaction costs), proceeds from disposals of subsidiaries (including transaction costs), acquisitions and disposals of investments in non-consolidated companies, associates and joint ventures (including transaction costs), contingent consideration paid for business combinations during the measurement period and up to the amount of the identified liability, and acquisitions and disposals of intangible assets and property plant and equipment (including transaction costs and deferred payments), excluding finance leases.
- Cash flows from financing activities, including new borrowings and repayments of borrowings, issues of equity instruments, transactions between shareholders (including transaction costs and any deferred payments), net interest paid (cash flows related to finance costs and non-recourse factoring and associated transaction costs), treasury share transactions and dividend payments. This category also includes cash flows from trade payables requalified as debt.

4.1 Reconciliation of provision expense

(€ millions)	Notes	2017	2016
Goodwill impairment	10.1.2	**(5)**	(2)
Impairment of intangible assets	10.2.2	**(11)**	(15)
Impairment of property, plant and equipment	10.3.2	**(54)**	(98)
Impairment of investment property	10.4.2	**(6)**	-
Impairment of other assets		**(4)**	(3)
Net additions to provisions for risks and charges		**29**	(189)
Total provision expense		**(51)**	**(307)**
Provision expense reported under "Profit from discontinued operations"		**-**	91
Provision expense adjustment in the statement of cash flows		**(51)**	**(216)**

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

(€ millions)	Notes	2016	Cash flows from operating activities	Cash flows from operating activities, discontinued operations	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	IFRS 5 reclass.	Reclass. & other	2017
Goods inventories	6.6	(3,786)	**(207)**	**-**	**-**	**(3)**	**252**	**42**	**6**	**(3,696)**
Property development work in progress	6.6	(204)	**70**	**-**	**-**	**38**	**(1)**	**-**	**(78)**	**(175)**
Trade payables	B/S	6,939	**155**	**-**	**-**	**10**	**(423)**	**(40)**	**8**	**6,649**
Trade receivables	6.7	(880)	**(106)**	**-**	**-**	**(1)**	**42**	**-**	**(1)**	**(946)**
Other (receivables)/payables	6.8.1 / 6.9.1 / 6.10	791	**(248)**	**-**	**49**	**(29)**	**4**	**25**	**(20)**	**572**
TOTAL		**2,859**	**(336)**	**-**	**49**	**16**	**(126)**	**28**	**(86)**	**2,404**

(€ millions)	Notes	2015	Cash flows from operating activities	Cash flows from operating activities, discontinued operations (i)	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	IFRS 5 reclass.	Reclass. & other	2016
Goods inventories	6.6	(4,602)	48	48	-	318	(488)	891	(2)	(3,786)
Property development work in progress	6.6	(281)	139	-	-	11	(5)	-	(69)	(204)
Trade payables	B/S	8,073	438	(166)	-	(503)	776	(1,529)	(150)	6,939
Trade receivables	6.7	(911)	(21)	(228)	-	92	(65)	254	(1)	(880)
Trade receivables from credit activity	6.7	(377)	(120)	112	-	-	(98)	483	-	-
Liabilities of credit activity	6.10	574	137	-	-	-	164	(875)	-	-
Other (receivables)/payables	6.8.1 / 6.9.1 / 6.10	623	19	(134)	223	(19)	(17)	230	(135)	791
TOTAL		**3,099**	**640**	**(368)**	**223**	**(100)**	**268**	**(546)**	**(357)**	**2,859**

(i) This column reflects cash flows from discontinued operations from 1 January to the date of reclassification as assets held for sale.

4.3 Reconciliation of acquisitions of non-current assets

(€ millions)	Notes	2017	2016
Additions to and acquisitions of intangible assets	10.2.2	**183**	198
Additions to and acquisitions of property, plant and equipment	10.3.2	**931**	967
Additions to and acquisitions of investment property	10.4.2	**130**	79
Changes in amounts due to suppliers of non-current assets		**31**	27
New finance leases		**(14)**	(31)
Capitalised borrowing costs (IAS 23)	10.3.3	**(14)**	(15)
Effect of discontinued operations		**-**	(66)
Cash used in acquisitions of intangible assets, property, plant and equipment and investment property		**1,247**	**1,160**

4.4 Reconciliation of disposals of non-current assets

(€ millions)	Notes	2017	2016
Disposals of intangible assets	10.2.2	**19**	22
Disposals of property, plant and equipment	10.3.2	**249**	285
Disposals of investment property	10.4.2	**1**	-
(Gains) losses on disposals of non-current assets		**(12)**	1
Changes in receivables related to non-current assets		**(54)**	15
Reclassification of non-current assets as "Assets held for sale"		**101**	51
Effect of discontinued operations		**-**	(5)
Cash from disposals of intangible assets, property, plant and equipment and investment property		**303**	**368**

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

(€ millions)	2017	2016
Amount paid for acquisitions of control	**(48)**	(89)
Cash acquired/(bank overdrafts assumed) in acquisitions	**2**	(6)
Proceeds from losses of control	**8**	1
(Cash sold)/bank overdrafts transferred in losses of control	**(31)**	(22)
Effect of changes in scope of consolidation resulting in acquisition or loss of control	**(69)**	**(116)**

In 2017, the net impact of these transactions on the Group’s cash and cash equivalents mainly comprised:
- the cash sold in the transaction resulting in the loss of control of all Casino supermarkets (cash outflow of €30 million) (Note 3.1.1)
- the acquisition of various controlling interests in the Franprix-Leader Price sub-group (cash outflow of €23 million) (Note 3.1.2).
- the settlement of the balance of the price for the 2015 acquisition of control of the Super Inter stores (cash outflow of €15 million).

In 2016, the net effect of these transactions on the Group's cash and cash equivalents resulted mainly from the acquisition of control of Geimex (cash outflow of €44 million) (Note 3.2.6) and the acquisition of various controlling interests in the Franprix-Leader Price sub-group (cash outflow of €32 million) (Note 3.2.4).

4.6 Reconciliation of dividends paid to non-controlling interests

(€ millions)	Notes	2017	2016
Dividends paid and payable to non-controlling interests	12.7	**(69)**	(85)
Payment during the year of dividends accrued at the prior year-end		**11**	1
Effect of movements in exchange rates		**(2)**	5
Effect of discontinued operations		**7**	-
Dividends paid to non-controlling interests as presented in the statement of cash flows		**(52)**	**(78)**

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

(€ millions)	Notes	2017	2016
Public tender offer for Cnova N.V. shares	2	**(171)**	-
Franprix-Leader Price sub-group – Acquisition of Sarjel	3.1.2	**(19)**	-
Éxito – Viva Malls	3.2.7	**80**	115
Acquisition of GPA shares	3.2.3	**-**	(11)
Acquisition of Éxito shares	3.2.2	**-**	(10)
Other		**(7)**	5
Effect on cash and cash equivalents of transactions with non-controlling interests		**(117)**	**99**

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

(€ millions)	Notes	2017	2016
Change in cash and cash equivalents		**(2,651)**	**2,253**
Additions to borrowings (i)		**(1,589)**	(995)
Repayments of borrowings (i)		**2,534**	1,955
Non-cash changes in debt (i)		**388**	(323)
Change in net assets held for sale attributable to owners of the parent		**366**	*44*
Change in other financial assets		**-**	*(51)*
Effect of changes in scope of consolidation		**-**	*(1)*
Change in cash flow and fair value hedges		**(92)**	*(125)*
Change in accrued interest		**109**	*(172)*
Interest on Monoprix mandatory convertible bonds	11.3.1	**-**	*13*
Other		**5**	*(32)*
Effect of movements in exchange rates (i)		**350**	(297)
Change in debt of discontinued operations		**208**	113
Change in net debt		**(759)**	**2,706**
Net debt at beginning of period		**3,367**	6,073
Net debt at end of period	11.2	**4,126**	3,367

(i) These impacts relate exclusively to continuing operations.

4.9 Reconciliation of net interest paid

(€ millions)	Notes	2017	2016
Net finance costs reported in the income statement	**11.3.1**	**(367)**	**(324)**
Neutralisation of unrealised exchange gains and losses		**(4)**	5
Neutralisation of amortisation of debt issuance/redemption costs and premiums		**23**	31
Neutralisation of interest rate adjustment on Monoprix mandatory convertible bonds	11.3.1	**-**	(13)
Capitalised borrowing costs	10.3.3	**(14)**	(15)
Change in accrued interest and in fair value hedges of borrowings (i)		**(60)**	229
Non-recourse factoring and associated transaction costs	11.3.2	**(83)**	(78)
Interest paid, net as presented in the statement of cash flows		**(505)**	**(165)**

(i) In 2017, are included among others the impacts of unwinding of interest rate swaps in France for €90 million. In 2016, the amount included in particular the impact of unwinding and modifying of interest rate swaps in France for €150 million.

Note 5 Segment information

Accounting principle

In accordance with IFRS 8 - Operating Segments, segment information is disclosed on the same basis as the Group's internal reporting system used by the chief operating decision maker (the Chairman and Chief Executive Officer) in deciding how to allocate resources and in assessing performance.

Since 2016, following the disposal of operations in Thailand and Vietnam and the business merger between Cnova Brazil and Via Varejo followed by their reclassification as "Assets held for sale", the Group's reportable segments are now:

- **France Retail: reportable segment comprising retail operating segments (mainly the Casino, Monoprix, Franprix-Leader Price and Vindémia sub-group banners);**
- **Latam Retail: reportable segment comprising food retailing operating segments in Latin America (mainly the GPA food banners and the Éxito, Disco - Devoto and Libertad sub-group banners);**
- **E-commerce: reportable segment comprising Cdiscount and the Cnova N.V. holding company.**

The operating segments included in France Retail and Latam Retail have similar businesses in terms of product type, assets and human resources required for operations, customer profile, distribution methods, marketing offer and long-term financial performance.

These reportable segments reflect pure retail activities and retail-related activities. Given the dual strategy and the interconnection between retail and real estate, the operating segments include real estate asset management activities, property development activities and energy-related activities.

Management assesses the performance of these segments on the basis of net sales, trading profit (which includes the allocation of holding company costs to all of the Group's business units) and EBITDA. EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring depreciation and amortisation expense.

Segment assets and liabilities are not specifically reported internally for management purposes and are therefore not disclosed in the Group's IFRS 8 segment information.

Segment information is determined on the same basis as the consolidated financial statements.

5.1 Key indicators by reportable segment

(€ millions)	France Retail	Latam Retail	E-commerce	2017
External net sales	**18,903**	**16,923**	**1,995**	**37,822**
EBITDA	**901 (i)**	**1,029 (ii)**	**-**	**1,930**
Recurring depreciation and amortisation expense (Note 6.4)	**(345)**	**(316)**	**(27)**	**(688)**
Trading profit/(loss)	**556(i)**	**713 (ii)**	**(27)**	**1,242**

(i) Of which €92 million for property development transactions carried out in France.

(ii) Of which BRL 723 million (€201 million) for ICMS-ST tax credits dating back prior to November 2016 and recognised by GPA during the year as a deduction from “Cost of goods sold”. The tax credits were recognised following the publication in April 2017 of the agreement for the enforcement of the October 2016 ruling by Brazil’s supreme federal court stipulating that the ICMS-ST tax is not a final tax and should not therefore be included in the basis of assessment of PIS and COFINS taxes, allowing GPA to apply for a refund from the Brazilian state administrations. Recognition of the pre-November 2016 ICMS-ST tax credits of Sendas Distribution (a subsidiary of GPA), in the amount of BRL 369 million (€102 million), had no impact on the consolidated income statement because they are not expected to be recovered and were written down in full.

(€ millions)	France Retail	Latam Retail	E-commerce	2016
External net sales	18,939	15,247	1,843	36,030
EBITDA	872 (i)	816 (ii)	10	1,697
Recurring depreciation and amortisation expense (Note 6.4)	(364)	(278)	(21)	(663)
Trading profit/(loss)	508 (i)	538 (ii)	(11)	1,034

(i) Of which €87 million for property development transactions carried out in France.

(ii) Including BRL 288 million (€75 million) of cumulative PIS/COFINS tax credits recognised in 2016 as a deduction from "Cost of goods sold" in the accounts of GPA (of which €68 million related to prior years) after all the conditions supporting their recognition and future use were fulfilled during the year.

5.2 Key indicators by geographical area

(€ millions)	France	Latin America	Other regions	Total
External net sales for 2017	**20,893**	**16,923**	**6**	**37,822**
External net sales for 2016	20,771	15,252	7	36,030

(€ millions)	France	Latin America	Other regions	Total
Non-current assets as at 31 December 2017 (i)	**11,521**	**8,822**	**49**	**20,391**
Non-current assets as at 31 December 2016 (i)	11,770	10,151	47	21,968

(i) Non-current assets include goodwill, intangible assets, property, plant and equipment, investment property, investments in associates and joint ventures as well as long-term prepaid expenses.

Note 6 Activity data

6.1 Total revenue

Accounting principle

Revenue is composed of two parts: net sales and other income.

Net sales include sales by the Group's stores, E-commerce sites, self-service restaurants and warehouses, as well as financial services revenues, rental revenues, consumer finance revenues and other miscellaneous services rendered by establishments.

“Other income" consists of income from the property development and property trading businesses, miscellaneous service revenues, incidental revenues and revenues from secondary activities, including travel package sales commissions, franchising fees, contractual penalties (termination penalties paid by tenants, franchisees, etc.) and revenues from energy efficiency activities.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, volume rebates and sales taxes. It is recognised as follows:

- revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer (in most cases when legal title is transferred), the amount of the revenue can be measured reliably and it is probable that the economic benefits of the transaction will flow to the Group;
- revenue from the sale of services, such as extended warranties, services directly related to the sale of goods and services rendered to suppliers are recognised in the period during which they are performed. When a service is combined with various commitments, such as volume commitments, the Group analyses facts and legal patterns in order to determine the appropriate timing of recognition. Accordingly, revenue may either be recognised immediately (the service is considered as having been performed) or deferred over the period during which the service is performed or the commitment fulfilled.

If payment is deferred beyond the usual credit period and is not covered by financing, the revenue is discounted and the impact of discounting, if material, is recognised in financial income over the deferral period.

Award credits granted to customers under loyalty programmes are recognised as a separately identifiable component of the initial sales transaction. The corresponding revenue is deferred until the award credits are used by the customer.

(€ millions)	2017	2016
Net sales	**37,822**	36,030
Other income [(i)]	**414**	542
Total revenue	**38,236**	**36,572**

(i) The decline in other income in 2017 was mainly due to a decrease in property development sales and in property trading activity for €99 million.

6.2 Cost of goods sold

Accounting principle

Gross margin

Gross margin corresponds to the difference between "Net sales" and the "Cost of goods sold".

“Cost of goods sold" comprises the cost of purchases net of discounts, commercial cooperation fees and any tax credits associated with the purchases, changes in retail inventories and logistics costs.

Commercial cooperation fees are measured based on contracts signed with suppliers. They are billed in instalments over the year. At each year-end, an accrual is recorded for the amount receivable or payable, corresponding to the difference between the value of the services actually rendered to the supplier and the sum of the instalments billed during the year.

Change in inventories

Changes in inventories, which may be positive or negative, are determined after taking into account any impairment losses. Changes in inventories related to property development and property trading business are included in "Selling expenses".

Logistics costs

Logistics costs correspond to the cost of logistics operations managed or outsourced by the Group, comprising all warehousing, handling and freight costs incurred after goods are first received at one of the Group's stores or warehouses. Transport costs included in suppliers' invoices (e.g. for goods purchased on a "delivery duty paid" or "DDP" basis) are included in purchase costs. Outsourced transport costs are recognised under "Logistics costs".

(€ millions)	Note	2017	2016
Purchases and change in inventories		(27,161)	(25,958)
Logistics costs	6.3	(1,533)	(1,406)
Cost of goods sold		**(28,694)**	**(27,364)**

6.3 Expenses by nature and function

Accounting principle

Selling expenses

Selling expenses consist of point-of-sale costs, property development and property trading business costs and changes in inventories.

General and administrative expenses

General and administrative expenses correspond to overheads and the cost of corporate units, including the purchasing and procurement, sales and marketing, IT and finance functions.

Pre-opening and post-closure costs

When they do not meet the criteria for capitalisation, costs incurred prior to the opening or after the closure of a store are recognised in operating expense when incurred.

(€ millions)	Logistics costs (i)	Selling expenses	General and administrative expenses	2017
Employee benefits expense	**(556)**	**(3,246)**	**(789)**	**(4,591)**
Other expenses	**(939)**	**(3,189)**	**(426)**	**(4,554)**
Depreciation and amortisation expense (Notes 5.1 / 6.4)	**(38)**	**(507)**	**(143)**	**(688)**
Total	**(1,533)**	**(6,942)**	**(1,357)**	**(9,833)**

(€ millions)	Logistics costs (i)	Selling expenses	General and administrative expenses	2016
Employee benefits expense	(486)	(3,158)	(766)	**(4,410)**
Other expenses	(883)	(3,216)	(408)	**(4,507)**
Depreciation and amortisation expense (Notes 5.1 / 6.4)	(37)	(497)	(129)	**(663)**
Total	**(1,406)**	**(6,871)**	**(1,303)**	**(9,580)**

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

A competitiveness and employment tax credit (CICE) has been introduced in France, corresponding to a tax credit (refundable if not used within three years) based on a percentage of salaries that do not exceed 2.5x the French minimum wage (SMIC). The rate was 7% in 2017 (6% for salaries paid as from 1 January 2018) and 9% for Vindémia. In 2017, the CICE tax benefit of €104 million (2016: €96 million) was recognised as deduction from employee benefits expense. The receivable was sold on a no-recourse basis for €100 million net of the discount (2016: €88 million).

6.4 Depreciation and amortisation

(€ millions)	Notes	2017	2016
Amortisation of intangible assets	10.2.2	**(122)**	(136)
Depreciation of property, plant and equipment	10.3.2	**(553)**	(600)
Depreciation of investment property	10.4.2	**(12)**	(10)
Lease payments for land use		**-**	(2)
Total depreciation and amortisation expense		**(688)**	**(747)**
Depreciation and amortisation expense reported under "Profit from discontinued operations"		**-**	84
Depreciation and amortisation expense of continuing operations	**5.1 / 6.3**	**(688)**	**(663)**

6.5 Other operating income and expenses

Accounting principle

This caption covers two types of items:

- Income and expenses arising from major events occurring during the period that would distort analyses of the Group's recurring profitability. They are defined as significant items of income and expense that are limited in number, unusual or abnormal, whose occurrence is rare. Examples include restructuring costs (such as reorganisation costs and the costs of converting stores to new concepts) and provisions and expenses for litigation and risks (including discounting adjustments).
- Income and expenses which, by definition, are not included in an assessment of a business unit's recurring operating performance, such as gains and losses on disposals of non-current assets, impairment losses on non-current assets, and income/expenses related to changes in the scope of consolidation (for example, transaction costs and fees for acquisitions of control, gains and losses from disposals of subsidiaries, remeasurement at fair value of previously-held interests).

(€ millions)	2017	2016
Total other operating income	**185**	242
Total other operating expenses	**(666)**	(867)
	(480)	**(625)**
Breakdown by type		
Gains and losses on disposal of non-current assets (vi)	**1**	13
Net impairment losses on assets (i) (vi)	**(70)**	(49)
Net income/(expense) related to changes in scope of consolidation (ii) (vi)	**(90)**	(154)
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	**(159)**	**(190)**
Restructuring provisions and expenses (iii) (vi)	**(217)**	(252)
Provisions and expenses for litigation and risks (iv)	**(92)**	(123)
Other (v)	**(13)**	(60)
Other operating income and expenses	**(321)**	**(435)**
Total net other operating income (expenses)	**(480)**	**(625)**

(i) Impairment losses recorded in 2017 mainly concerned individual assets in the France Retail segment for €36 million (primarily Monoprix and Franprix-Leader Price for €16 million and €8 million, respectively), the Latam Retail segment (primarily GPA) for €28 million, and the E-commerce segment for €7 million. In 2016, impairment losses primarily concerned individual assets in the France Retail segment for €28 million (mainly Franprix-Leader Price and Distribution Casino France) and the E-commerce segment for €10 million.

(ii) The €90 million net expense recognised in 2017 resulted mainly from the loss of control of supermarket stores at Distribution Casino France for an amount of €30 million (Note 3.1.1), net expense related to various changes in scope at Franprix-Leader Price for €9 million, and fees of €31 million. In 2016, the €154 million net expense resulted primarily from changes in the scope of consolidation in the Franprix-Leader Price sub-group for €72 million (including €59 million for the transactions described in Note 3.2.4) and Distribution Casino France for €34 million (Note 3.2.5), together with related transaction costs of €19 million, partly offset by the €16 million effect of measuring at fair value the previously-held interest in Geimex when the Group acquired control of this company (Note 3.2.6).

(iii) Restructuring provisions and expenses in 2017 primarily concerned the France Retail segment for €169 million (including employee costs and store closure costs for €113 million and store transformation costs for €54 million) and the Latam Retail segment (mainly GPA) for €38 million. Restructuring provisions and expenses for 2016 mainly concerned the France Retail segment for €207 million (including employee costs of €58 million, rent on closed stores of €25 million, external costs of €57 million and impairment losses and scrapped assets of €67 million) and GPA for €26 million.

(iv) Provisions and expenses for litigation and risks represented a net expense of €92 million in 2017, including €60 million for tax amnesty programs in which GPA participated during the year, as described in Note 13.3. In 2016, provisions and charges for litigation and risks concerned GPA for €106 million, mainly covering tax risks.

(v) The net expense for 2016 included €43 million related to the 2015 tax on retail space (TaSCom) payable in France. Following the introduction of new tax rules which led to a change in the period in which this levy is recognised, the TaSCom due for 2015 was recognised in full at the beginning of 2016 (in "Other operating expenses") and the TaSCom for 2016 was recognised on a straight line basis over the year (in "Trading profit").

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

(€ millions)	Notes	2017	2016
Goodwill impairment losses	10.1.2	**(5)**	(2)
Impairment (losses)/reversals on intangible assets, net	10.2.2	**(11)**	(15)
Impairment (losses)/reversals on property, plant and equipment, net	10.3.2	**(54)**	(98)
Impairment (losses)/reversals on investment property, net	10.4.2	**(6)**	-
Impairment (losses)/reversals on other assets, net		**(11)**	(1)
Net impairment losses of continuing operations		**(87)**	**(116)**
of which presented under "Restructuring provisions and expenses" (*)		***(11)***	*(58)*
of which presented under "Net impairment (losses)/reversals on assets"		***(70)***	*(49)*
of which presented under "Net income/(expense) related to changes in scope of consolidation"		***(8)***	*(8)*
of which presented under "Gains and losses on disposal of non-current assets"		***1***	*(1)*

(*) Of which €32 million concerning Franprix-Leader Price, €12 million concerning Distribution Casino France and €12 million concerning Monoprix in 2016.

6.6 Inventories

Accounting principle

Inventories are measured at the lower of cost and probable net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions for impairment of inventories is recognised if the probable net realisable value is lower than cost. This analysis takes into account the business unit's operating environment and the type, age, turnover characteristics and sales pattern of the products concerned.

The cost of inventories is determined by the first-in-first-out (FIFO) method, except for inventories held by the GPA sub-group which uses the weighted average unit cost method, primarily for tax reasons. As GPA's inventory turnover rate is very high, inventory values would not be materially different if the FIFO method was applied. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing them to their present location and condition. Accordingly, logistics costs are included in the carrying amount together with supplier discounts deducted from "Cost of goods sold". The cost of inventories also includes gains or losses on cash flow hedges of future inventory purchases initially accumulated in equity.

For its property development and property trading businesses, the Casino Group recognises assets and projects in progress in inventories.

(€ millions)	**31 December 2017**	**31 December 2016**
Goods	**3,744**	3,842
Property assets	**204**	247
Gross amount of inventories	**3,948**	**4,089**
Accumulated impairment losses on goods	**(47)**	(56)
Accumulated impairment losses on property assets	**(29)**	(43)
Accumulated impairment losses	**(76)**	**(99)**
Net inventories (Note 4.2)	**3,871**	**3,990**

6.7 Trade receivables

Accounting principle

Trade receivables are current financial assets (Note 11) initially recognised at fair value and subsequently measured at amortised cost less any impairment losses. The fair value of trade receivables usually corresponds to the amount on the invoice. An impairment loss is recognised for trade receivables as soon as a probable loss emerges. Trade receivables can be sold to banks and continue to be carried as assets in the statement of financial position for as long as all the related risks and rewards are not transferred to a third party.

6.7.1 Breakdown of trade receivables

(€ millions)	**Notes**	**31 December 2017**	**31 December 2016**
Trade receivables	11.5.3	**1,029**	957
Accumulated impairment losses on trade receivables	6.7.2	**(83)**	(76)
Net trade receivables	**4.2**	**946**	**880**

6.7.2 Accumulated impairment losses on trade receivables

(€ millions)	2017	2016
Accumulated impairment losses on trade receivables		
As at 1 January	**(76)**	**(95)**
Additions	**(55)**	(137)
Reversals	**51**	144
Change in scope of consolidation	**-**	1
IFRS 5 reclassifications	**-**	15
Other reclassifications	**(3)**	(2)
Effect of movements in exchange rates	**1**	(3)
As at 31 December	**(83)**	**(76)**
Accumulated impairment losses on consumer finance receivables		
As at 1 January	**-**	**(59)**
Additions	**-**	(17)
Reversals	**-**	3
Change in scope of consolidation	**-**	-
IFRS 5 reclassifications	**-**	90
Other reclassifications	**-**	-
Effect of movements in exchange rates	**-**	(17)
As at 31 December	**-**	**-**

The criteria for recognising impairment losses are presented in Note 11.5.3 "Counterparty risk".

6.8 Other current assets

6.8.1 Breakdown of other current assets

(€ millions)	Notes	31 December 2017	31 December 2016
Other receivables		**948**	1,151
Financial assets held for cash management purposes and short-term financial investments	11.2	**31**	32
Financial assets arising from a significant disposal of non-current assets	11.2	**7**	7
Tax and employee-related receivables in Brazil	6.9	**128**	158
Current accounts of non-consolidated companies		**33**	31
Accumulated impairment losses on other receivables and current accounts	6.8.2	**(24)**	(29)
Fair value hedges – assets	11.5.1	**4**	34
Derivatives not qualifying for hedge accounting and cash flow hedges – assets	11.5.1	**-**	23
Prepaid expenses		**145**	135
Other current assets		**1,272**	**1,542**

Other receivables primarily include tax and employee-related receivables and receivables from suppliers. Prepaid expenses mainly concern purchases, rent, other occupancy costs and insurance premiums.

6.8.2 Accumulated impairment losses on other receivables and current accounts

(€ millions)	2017	2016
As at 1 January	**(29)**	(35)
Additions	**(8)**	(29)
Reversals	**5**	32
Change in scope of consolidation	**-**	-
IFRS 5 reclassifications	**-**	4
Other reclassifications and movements	**8**	-
Effect of movements in exchange rates	**-**	-
As at 31 December	**(24)**	**(29)**

6.9 Other non-current assets

6.9.1 Analysis of other current assets

(€ millions)	Notes	31 December 2017	31 December 2016
Available-for-sale financial assets (AFS)		**40**	43
Non-current fair value hedges – assets	11.5.1	**94**	257
Other financial assets		**573**	531
Loans		***172***	*177*
Non-hedging derivatives – assets	*11.5.1*	***-***	*12*
Legal deposits paid by GPA	*13.2*	***192***	*193*
Other non-current receivables		***210***	*149*
Tax and employee-related receivables in Brazil (see below) (i)		**439**	184
Impairment of other non-current assets	6.9.2	**(69)**	(40)
Prepaid expenses		**144**	106
Other non-current assets		**1,220**	**1,080**

(i)The increase in 2017 mainly reflects the recognition of ICMS-ST tax credits discussed in Note 5.1.

GPA has a total of €567 million in tax receivables (of which €439 million in long-term receivables and €128 million in short-term receivables), corresponding primarily to ICMS (VAT) for €382 million, PIS/COFINS (VAT) and INSS (employer social security contributions). GPA estimates that the main tax receivable (ICMS) will be recovered in the following periods:

(€ millions)	31 December 2017
Within one year	**80**
In one to five years	**173**
In more than five years	**129**
Total	**382**

GPA recognises ICMS and other tax credits when it has formally established and documented its right to use the credits and expects to use them within a reasonable period. These credits are recognised as a deduction from the cost of goods sold.

6.9.2 Impairment of other non-current assets

(€ millions)	2017	2016
As at 1 January	**(40)**	(92)
Additions	**-**	(1)
Reversals	**2**	2
Change in scope of consolidation	**-**	77
IFRS 5 reclassifications	**-**	-
Other reclassifications and movements	**(31)**	(27)
Effect of movements in exchange rates	**-**	-
As at 31 December (1)	**(69)**	**(40)**

(i) Corresponding mainly to impairment losses recognised on loans granted by Franprix-Leader Price to master franchisees.

6.10 Other liabilities

(€ millions)	31 December 2017			31 December 2016		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Derivative instruments – liabilities (Note 11.5.1) (i)	**260**	**17**	**277**	343	1	344
Accrued tax and employee-related liabilities	**166**	**1,359**	**1,525**	173	1,443	1,616
Sundry liabilities	**37**	**755**	**792**	33	879	912
Amounts due to suppliers of non-current assets	**-**	**230**	**230**	60	263	324
Current account advances	**-**	**10**	**10**	-	10	10
Deferred income	**18**	**213**	**231**	9	199	208
TOTAL	**481**	**2,584**	**3,065**	**618**	**2,795**	**3,413**

(i) Primarily comprising the fair value of total return swap (TRS) and forward instruments (Note 11.3.2).

6.11 Off-balance sheet commitments

Accounting principle

At every year-end, Management determines, to the best of its knowledge, that there are no off-balance sheet commitments likely to have a material effect on the Group's current or future financial position other than those described in this note.

The completeness of this information is checked by the Finance, Legal and Tax departments, which also participate in drawing up contracts that are binding on the Group.

Commitments entered into in the ordinary course of business mainly concern the Group's operating activities except for undrawn confirmed lines of credit, which represent a financing commitment.

Off-balance sheet commitments related to the scope of consolidation are presented in Note 3.4.2 and lease commitments in Note 7.

6.11.1 Commitments given

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts that might have to be paid under guarantees issued by the Group. They are not netted against sums which might be recovered through legal action or counter-guarantees received by the Group.

(€ millions)	31 December 2017	31 December 2016
Assets pledged as collateral (i)	**236**	252
Bank guarantees given (ii)	**2,088**	2,139
Guarantees given in connection with disposals of non-current assets	**22**	35
Other commitments	**67**	64
Total commitments given	**2,413**	**2,491**
Expiring:		
Within one year	***194***	*130*
In one to five years	***2,198***	*2,347*
In more than five years	***21***	*13*

(i) Current and non-current assets pledged, mortgaged or otherwise given as collateral. As at 31 December 2017, concerns GPA for €218 million, mainly in connection with the tax disputes described in Note 13.2 (31 December 2016: €252 million).
(ii) As at 31 December 2017, this amount includes €1,937 million in bank guarantees given by GPA (31 December 2016: €2,057 million) mainly in connection with the tax disputes described in Note 13.2. It also comprises guarantees issued to joint ventures for €125 million (31 December 2016: €60 million), as described in Note 3.3.7.

6.11.2 Commitments received

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts in respect of commitments received.

(€ millions)	31 December 2017	31 December 2016
Bank guarantees received	**73**	75
Secured financial assets	**72**	80
Undrawn confirmed lines of credit (Note 11.2.4)	**3,697**	4,342
Other commitments	**29**	64
Total commitments received	**3,871**	**4,560**
Expiring:		
Within one year	***501***	*704*
In one to five years	***3,251***	*3,724*
In more than five years	***120***	*132*

Note 7 Leases

Accounting principle

At the inception of an agreement, the Group determines whether the agreement is or contains a lease agreement.
The Group's lease agreements are recognised in accordance with IAS 17 which distinguishes between finance leases and operating leases.

Finance lease agreements
Lease agreements for property, plant and equipment that transfer nearly all the risks and benefits inherent to ownership are classified as finance leases.
Leased assets are initially recorded at the lower of the fair value of the asset and the present value of the minimum lease payments. After initial recognition, the assets are depreciated over their expected useful life in the same way as other assets in the same category, or over the lease term if shorter, unless the Group has a reasonable certainty that it will obtain ownership at the end of the lease.
Minimum finance lease payments are apportioned between the interest expense and the reduction of the outstanding liability. The finance charge is allocated to each period covered by the lease agreement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases
The other lease agreements are classified as operating leases and are not recognised in the Group's statement of financial position.
Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term. Incentives received from the lessor are an integral part of the total net rental expense and are recorded as a reduction of the rental expense over the lease term.
Operating lease commitments (Note 7.2) correspond to fixed future minimum payments calculated over the non-cancellable term of operating leases.

7.1 Operating lease expenses

Rental expenses related to operating leases amounted to €982 million in 2017 (including €852 million for real estate leases, of which €546 million in the France Retail segment and €222 million in Brazil) and €875 million in 2016 (including €791 million for real estate leases, of which €532 million in the France Retail segment and €183 million in Brazil). This information only concerns continuing operations.

The amount of future operating lease payments and minimum lease payments to be received under non-cancellable sub-leases are presented in Note 7.2.

7.2 Operating lease commitments (off-balance sheet)

REAL ESTATE LEASES WHERE THE GROUP IS LESSEE

The Group has operating leases on properties used in the business that it does not own. Future minimum lease payments, corresponding to the payments due over the non-cancellable term of operating leases plus any lease termination penalties, break down as follows:

(€ millions)	Future minimum lease payments	
	31 December 2017	31 December 2016
Due within one year	**643**	650
Due in one to five years	**944**	954
Due in more than five years	**551**	475
Total (i)	**2,139**	**2,079**
of which France	***1,258***	*1,361*
of which GPA Food	***99***	*99*
of which Éxito	***652***	*491*
of which Uruguay	***67***	*75*
of which E-commerce	***61***	*53*

(i) Minimum lease payments of Via Varejo discontinued operations not included in the above table amount to €279 million as at 31 December 2017 (31 December 2016: €332 million).

Future minimum lease payments receivable under non-cancellable sub-leases amount to €39 million as at 31 December 2017 (31 December 2016: €50 million).

EQUIPMENT LEASES WHERE THE GROUP IS LESSEE

The Group enters into operating leases on certain items of equipment that it does not wish to ultimately own. The future minimum lease payments under non-cancellable operating leases break down as follows:

(€ millions)	Future minimum lease payments	
	31 December 2017	31 December 2016
Due within one year	**125**	94
Due in one to five years	**377**	275
Due in more than five years	**85**	67
Total (i)	**587**	**435**

(i) Primarily in the France Retail segment.

Future minimum lease payments receivable under non-cancellable sub-leases amount to €10 million as at 31 December 2017 (31 December 2016: €8 million).

OPERATING LEASES WHERE THE GROUP IS LESSOR

The Group is also a lessor through its real estate business. Future minimum lease payments receivable under non-cancellable operating leases break down as follows:

(€ millions)	Future minimum lease payments	
	31 December 2017	31 December 2016
Due within one year	**67**	56
Due in one to five years	**109**	95
Due in more than five years	**121**	59
Total	**296**	**210**

Contingent rental revenue received by the Group and recorded in the income statement in 2017 amounted to €6 million (2016: €15 million).

7.3 Finance lease expenses

Contingent rental payments under finance leases recorded in the income statement amounted to €5 million in 2017 (2016: €7 million)

Future minimum lease payments under finance leases are presented in Note 7.5.

7.4 Finance leases

The Group's finance leases break down as follows:

(€ millions)	31 December 2017			31 December 2016		
	Gross amount	Accumulated depreciation	Net	Gross amount	Accumulated depreciation	Net
Intangible assets	95	(59)	36	102	(56)	47
Land	26	(2)	24	26	(2)	24
Buildings	156	(97)	59	186	(106)	81
Equipment and other	414	(395)	18	439	(415)	23
Total	**691**	**(554)**	**137**	**754**	**(579)**	**175**

7.5 Finance lease commitments

The Group's finance leases relate to real-estate assets and investment properties on the one hand and to equipment items on the other. The table below compares future minimum lease payments under finance leases before and after discounting.

As at 31 December 2017, the Group had lease liabilities of €65 million (Note 11.2), of which €14 million related to real estate assets and €50 million to equipment.

FINANCE LEASES ON REAL ESTATE WHERE THE GROUP IS LESSEE

(€ millions)	31 December 2017		31 December 2016	
	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Due within one year	5	2	6	2
Due in one to five years	15	5	19	7
Due in more than five years	39	7	49	9
Total future minimum lease payments	**59**	**14**	**73**	**18**
Interest expense	(44)		(55)	
Total present value of future minimum lease payments	**14**		**18**	

FINANCE LEASES ON EQUIPMENT WHERE THE GROUP IS LESSEE

(€ millions)	31 December 2017		31 December 2016	
	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Due within one year	17	15	16	13
Due in one to five years	36	34	50	47
Due in more than five years	1	1	1	1
Total future minimum lease payments	**54**	**50**	**67**	**61**
Interest expense	(4)		(7)	
Total present value of future minimum lease payments	**50**		**61**	

Note 8 Employee benefits expense

8.1 Employee benefits expense

Employee benefits expense is analysed by function in Note 6.3.

8.2 Provisions for pensions and other post-employment benefits

Accounting principle

Provisions for pensions and other post-employment benefits

Group companies provide their employees with various employee benefit plans depending on local laws and practice.

- **Under defined contribution plans,** the Group pays fixed contributions into a fund and has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to these plans are expensed as incurred.

- **Under defined benefit plans**, the Group's obligation is measured using the projected unit credit method based on the agreements effective in each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. The actuarial assumptions used to measure the obligation vary according to the economic conditions prevailing in the relevant country. The obligation is measured by independent actuaries annually for the most significant plans and for the employment termination benefit, and regularly for all other plans. Assumptions include expected rate of future salary increases, estimated average years of service, life expectancy and staff turnover rates.

  Actuarial gains and losses arise from the effects of changes in actuarial assumptions and experience adjustments (differences between results based on previous actuarial assumptions and what has actually occurred). All actuarial gains and losses arising on defined benefit plans are recognised immediately in other comprehensive income.

  Past service cost, corresponding to the increase in the benefit obligation resulting from the introduction of a new benefit plan or modification of an existing plan, is expensed immediately.

  The expense in the income statement comprises:
  - service cost, i.e. the cost of services provided during the year, recognised in trading profit;
  - past service cost and the effect of plan curtailments or settlements, generally recognised in "Other operating income and expenses";
  - interest cost, corresponding to the discounting adjustment to the projected benefit obligation net of the return on plan assets, recorded in "Other financial income and expenses". Interest cost is calculated by applying the discount rate defined in IAS 19 to the net obligation (i.e. the projected obligation less related plan assets) recognised in respect of defined benefit plans, as determined at the beginning of the year.

  The provision recognised in the statement of financial position is measured as the net present value of the obligation less the fair value of plan assets.

Provisions for other in-service long-term employee benefits

- **Other in-service long-term employee benefits**, such as jubilees, are also covered by provisions, determined on the basis of an actuarial estimate of vested rights as of the reporting date. Actuarial gains and losses on these benefit plans are recognised immediately in profit or loss.

8.2.1 Breakdown of provisions for pensions and other post-employment benefits and for long-term employee benefits

(€ millions)	31 December 2017			31 December 2016		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Pensions	**307**	**10**	**317**	263	10	**273**
Jubilees	**41**	**1**	**41**	36	1	**37**
Bonuses for services rendered	**10**	**-**	**11**	13	1	**14**
Provisions for pensions and other post-employment benefits and for long-term employee benefits	**358**	**11**	**369**	**312**	**12**	**324**

8.2.2 Presentation of pension plans

DEFINED CONTRIBUTION PLAN

Defined contribution plans are plans in which the company pays regular contributions into a fund. The company's obligation is limited to the amount it agrees to contribute to the fund and it offers no guarantee that the fund will have sufficient assets to pay all of the employees' entitlements to benefits. This type of plan predominantly concerns employees of the Group's French subsidiaries, who are covered by the general social security system, which is administered by the French government.

In 2017, defined contribution plans represented a cost of €334 million of which 87% concerned the Group's French subsidiaries (2016: €335 million excluding discontinued operations and 87%).

DEFINED BENEFIT PLAN

In certain countries, local laws or conventional agreements provide for the payment of a lump sum to employees either when they retire or at certain times post-retirement, based on their years of service and final salary at the age of retirement.

8.2.3 Main assumptions used in determining total defined benefit obligations (pension plans)

Defined benefit plans are exposed to risks concerning future interest rates, salary increase and mortality rates.

The following table presents the main actuarial assumptions used to measure the projected benefit obligation:

	France		International	
	2017	2016	2017	2016
Discount rate	**1.5%**	1.7%	**1.5% - 7.7%**	1.7% - 7.8%
Expected rate of future salary increases	**1.5% - 2.0%**	1.5% - 2.0%	**1.0% - 3.5%**	1.9% - 3.5%
Retirement age	**62 - 65 years**	62 - 64 years	**57 - 65 years**	57 - 65 years

For French companies, the discount rate is determined by reference to the Bloomberg 15-year AA corporate composite index.

SENSITIVITY ANALYSIS

A 50-basis point increase (decrease) in the discount rate would have the effect of reducing the projected benefit obligation by 5.6% (increasing the projected benefit obligation by 6.2%).

A 50-basis point increase (decrease) in the expected rate of salary increases would have the effect of increasing the projected benefit obligation by 6.0% (reducing the projected benefit obligation by 5.5%).

8.2.4 Change in retirement benefit obligations and plan assets

The following tables show a reconciliation of the projected benefit obligations of all Group companies to the provisions recognised in the consolidated financial statements for the years ended 31 December 2017 and 31 December 2016.

(€ millions)		France		International		Total	
		2017	2016	2017	2016	2017	2016
Projected benefit obligation as at 1 January		**288**	**269**	**14**	**26**	**302**	**295**
Items recorded in the income statement		**16**	**14**	**1**	**1**	**16**	**15**
Service cost		**17**	14	**-**	1	**17**	14
Interest cost		**5**	5	**1**	1	**6**	6
Past service cost		**-**	-	**-**	-	**-**	-
Curtailments/settlements		**(6)**	(5)	**-**	-	**(6)**	(5)
Items included in other comprehensive income		**42**	**17**	**-**	**2**	**42**	**19**
(1) Actuarial (gains) and losses related to:		**42**	17	**1**	1	**43**	18
(i) changes in financial assumptions		***5***	*11*	***-***	*1*	***5***	*12*
(ii) changes in demographic assumptions (*)		***34***	*5*	***1***	*-*	***34***	*5*
(iii) experience adjustments		***3***	*1*	***1***	*-*	***4***	*1*
(2) Effect of movements in exchange rates		**-**	-	**(1)**	1	**(1)**	1
Other		**(20)**	**(13)**	**(1)**	**(15)**	**(20)**	**(28)**
Paid benefits		**(16)**	(12)	**(1)**	(1)	**(16)**	(12)
Changes in scope of consolidation		**(1)**	(2)	**-**	(15)	**(1)**	(16)
Other movements		**(3)**	1	**-**	-	**(3)**	1
Projected benefit obligation as at 31 December	**A**	**326**	**288**	**14**	**14**	**340**	**302**
Weighted average duration of plans						**16**	**15**

(*) In 2017, the impact was primarily the result of excluding terminations from the calculation of staff turnover rates.

(€ millions)		France		International		Total	
		2017	2016	2017	2016	2017	2016
Fair value of plan assets as at 1 January		**29**	**31**	**-**	**-**	**29**	**31**
Items recorded in the income statement		**-**	**-**	**-**	**-**	**-**	**-**
Interest on plan assets		**-**	-	**-**	-	**-**	-
Items included in other comprehensive income		**1**	**1**	**-**	**-**	**1**	**1**
Actuarial (losses) gains (experience adjustments)		**1**	1	**-**	-	**1**	1
Effect of movements in exchange rates		**-**	-	**-**	-	**-**	-
Other		**(8)**	**(3)**	**-**	**-**	**(8)**	**(3)**
Paid benefits		**(8)**	(3)	**-**	-	**(8)**	(3)
Changes in scope of consolidation		**-**	-	**-**	-	**-**	-
Other movements		**-**	-	**-**	-	**-**	-
Fair value of plan assets as at 31 December	**B**	**23**	**29**	**-**	**-**	**23**	**29**

(€ millions)		France		International		Total	
		2017	2016	2017	2016	2017	2016
NET POST-EMPLOYMENT BENEFIT OBLIGATION	**A-B**	**303**	**259**	**14**	**14**	**317**	**273**
Unfunded projected benefit obligation under funded plans		**82**	**79**	**-**	**-**	**82**	**79**
Projected benefit obligation under funded plans		**104**	108	**-**	-	**104**	108
Fair value of plan assets		**(23)**	(29)	**-**	-	**(23)**	(29)
Projected benefit obligation under unfunded plans		**221**	**180**	**14**	**14**	**235**	**194**

Plan assets consist mainly of units in fixed-rate bond funds.

RECONCILIATION OF PROVISIONS RECORDED IN THE STATEMENT OF FINANCIAL POSITION

(€ millions)	France		International		Total	
	2017	2016	2017	2016	2017	2016
As at 1 January	**259**	**238**	**14**	**26**	**273**	**264**
Expense for the year	**15**	14	**1**	1	**16**	15
Actuarial gains or losses recognised in equity	**41**	16	**1**	1	**42**	18
Effect of movements in exchange rates	**-**	-	**(1)**	1	**(1)**	1
Paid benefits	**(8)**	(7)	**(1)**	(1)	**(9)**	(7)
Partial reimbursement of plan assets	**-**	-	**-**	-	**-**	-
Changes in scope of consolidation	**(1)**	(2)	**-**	(15)	**(1)**	(16)
Other movements	**(3)**	(1)	**-**	-	**(3)**	(1)
As at 31 December	**303**	**259**	**14**	**14**	**317**	**273**

BREAKDOWN OF EXPENSE FOR THE YEAR

(€ millions)	France		International		Total	
	2017	2016	2017	2016	2017	2016
Service cost	**17**	14	**-**	1	**17**	14
Interest cost (i)	**5**	5	**1**	1	**5**	6
Past service cost	**-**	-	**-**	-	**-**	-
Curtailments/settlements	**(6)**	(5)	**-**	-	**(6)**	(5)
Expense for the year	**15**	**14**	**1**	**1**	**16**	**15**

(i) Reported under "Other financial income and expenses".

UNDISCOUNTED FUTURE CASH FLOWS

(€ millions)	Statement of financial position	Undiscounted cash flows					
		2018	2019	2020	2021	2022	Beyond 2022
Post-employment benefits	**317**	**9**	**6**	**10**	**13**	**20**	**956**

8.3 Share-based payment

Accounting principle

Share-based payments

Management and selected employees of the Group receive stock options (options to purchase or subscribe for shares) and free shares.

The benefit represented by stock options, measured at fair value on the grant date, constitutes additional compensation. The grant-date fair value of the options is recognised in "Employee benefits expense" over the option vesting period or in "Other operating expenses" when the benefit relates to a transaction that is also recognised in "Other operating income and expenses" (Note 6.5). The fair value of options is determined using the Black & Scholes option pricing model, based on the plan attributes, market data (including the market price of the underlying shares, share price volatility and the risk-free interest rate) at the grant date and assumptions concerning the probability of grantees remaining with the Group until the options vest.

The fair value of free shares is also determined on the basis of the plan attributes, market data at the grant date and assumptions concerning the probability of grantees remaining with the Group until the shares vest. If the free shares are not subject to any vesting conditions, the cost of the plan is recognised in full on the grant date. Otherwise it is deferred and recognised over the vesting period as and when the vesting conditions are met. When free shares are granted to employees in connection with a transaction affecting the scope of consolidation, the related cost is recorded in "Other operating income and expenses".

Free shares are granted to certain company managers and store managers. In certain cases, the shares vest in tranches, subject to the attainment of a performance target for the period concerned. In all cases, the shares are forfeited if the grantee leaves the Group before the end of the vesting period.

8.3.1 Impact of share-based payments on earnings and equity

The total net cost of share-based payment plans recognised in the income statement in 2017 was €18 million (2016: €15 million), including €12 million for Casino, Guichard-Perrachon and €6 million for GPA. The net cost is balanced by a positive impact on equity for the same amount.

8.3.2 Casino, Guichard-Perrachon stock option plans

As at 31 December 2017, no Casino, Guichard-Perrachon stock options were outstanding.

8.3.3 Casino, Guichard-Perrachon free share plans

FREE SHARE PLAN FEATURES AND ASSUMPTIONS

Date of plan	Vesting date	Number of free shares authorised	Of which number of performance shares (i)	Number of shares to be delivered as at 31/12/2017	Share price (€) (ii)	Fair value of the share (€) (ii)
20/04/2017	20/04/2022	5,666	5,666	**5,666**	51.00	27.25
20/04/2017	20/04/2020	156,307	139,310	**139,310**	51.00	28.49
20/04/2017	31/01/2020	245	-	**245**	51.00	43.17
20/04/2017	20/04/2018	9,555	-	**9,555**	51.00	46.31
20/04/2017	20/04/2018	97,885	-	**97,885**	51.00	46.44
15/12/2016	15/12/2018	11,418	-	**11,418**	46.42	41.70
14/10/2016	14/10/2019	20,859	-	**20,859**	41.96	32.53
14/10/2016	01/07/2019	3,477	1,159	**3,477**	41.96	32.52
14/10/2016	31/03/2019	870	-	**870**	41.96	35.68
14/10/2016	14/10/2018	33,157	-	**21,568**	41.96	35.69
14/10/2016	01/07/2018	3,477	1,159	**3,477**	41.96	34.77
14/10/2016	31/03/2018	939	-	**939**	41.96	37.01
14/06/2016	14/01/2019	9,780	-	**9,780**	49.98	43.70
14/06/2016	14/06/2018	15,007	-	**13,185**	49.98	43.70
13/05/2016	13/05/2020	7,178	7,178	**7,178**	53.29	34.45
13/05/2016	13/05/2019	25,800	9,699	**9,699**	53.29	31.89
13/05/2016	13/01/2019	17,610	-	**14,835**	53.29	43.89
13/05/2016	13/05/2018	100,685	87,299	**87,299**	53.29	34.38
13/05/2016	13/05/2018	57,735	-	**26,633**	53.29	47.04
13/05/2016	13/01/2018	52,176	-	**51,322**	53.29	45.11
06/05/2014	06/05/2019	3,750	960	**960**	90.11	69.28
06/05/2014	06/05/2018	1,139	-	**1,139**	90.11	76.79
18/10/2013	18/10/2018	7,857	-	**5,281**	83.43	66.27
TOTAL				**542,580**		

(i) Performance conditions mainly concern organic sales growth and the level of trading profit or EBITDA of the company that employs the grantee.
(ii) Weighted average.

Changes in free shares

Free share grants	2017	2016
Unvested shares as at 1 January	**598,634**	**117,055**
Free share rights granted	**269,658**	581,226
Free share rights cancelled	**(108,114)**	(44,264)
Shares issued	**(217,598)**	(55,383)
Unvested shares as at 31 December	**542,580**	**598,634**

8.3.4 Features of GPA stock option plans

- "B Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price is BRL 0.01 per option.
- "C Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price corresponds to 80% of the average of the last 20 closing prices for GPA shares quoted on Bovespa.

Name of plan	Grant date	Exercise period start date	Expiry date	Number of options granted *(thousands)*	Option exercise price *(BRL)*	Number of options outstanding as at 31 December 2017 *(thousands)*
C4 Series	30/05/2017	31/05/2020	30/11/2020	537	56.78	**525**
B4 Series	30/05/2017	31/05/2020	30/11/2020	537	0.01	**380**
C3 Series	30/05/2016	30/05/2019	30/11/2019	823	37.21	**651**
B3 Series	30/05/2016	30/05/2019	30/11/2019	823	0.01	**536**
C2 Series	29/05/2015	01/06/2018	30/11/2018	337	77.27	**266**
B2 Series	29/05/2015	01/06/2018	30/11/2018	337	0.01	**181**
					29.48	**2,539**

Main assumptions used to value stock options

GPA uses the following assumptions to value its plans ("Series" 2, 3 and 4 respectively):

- dividend yield: 1.37%, 2.50% and 0.57%;
- projected volatility: 24.34%, 30.20% and 35.19%;
- risk-free interest rate: 12.72%, 13.25% and 9.28%/10.07%.

The average fair value of outstanding stock options at 31 December 2017 was BRL 39.07.

The table below shows changes in the number of outstanding options and weighted average exercise prices in the years presented:

	2017		2016	
	Number of outstanding options *(thousands)*	Weighted average exercise price *(BRL)*	Number of outstanding options *(thousands)*	Weighted average exercise price *(BRL)*
Options outstanding as at 1 January	**2,394**	**29.21**	**1,267**	**39.57**
Of which exercisable options	***169***	***80.00***	*2*	*64.13*
Options granted during the period	**1,073**	**28.40**	1,645	18.61
Options exercised during the period	**(699)**	**22.14**	(374)	13.39
Options cancelled during the period	**(110)**	**40.56**	(144)	40.40
Options that expired during the period	**(119)**	**83.33**	-	-
Options outstanding as at 31 December	**2,539**	**29.48**	**2,394**	**29.21**
Of which exercisable options	***-***	***-***	*169*	*80.00*

8.4 Gross remuneration and benefits of the members of the Group Executive Committee and the Board of Directors

(€ millions)	2017	2016
Short-term benefits excluding social security contributions (i)	**22**	25
Social security contributions on short-term benefits	**4**	3
Termination benefits for key executives	**2**	-
Share-based payments (ii)	**6**	1
Total	**34**	**29**

(i) Gross salaries, bonuses, discretionary and statutory profit-sharing, benefits in kind and directors' fees.
(ii) Expense recognised in the income statement in respect of stock option and free share plans.

The members of the Group Executive Committee are not entitled to any specific supplementary pension benefits.

8.5 Average number of Group employees

Average full-time equivalent employees by category	2017	2016
Managers	**11,225**	11,021
Staff	**180,989**	182,144
Supervisors	**22,565**	22,720
Group total	**214,779**	**215,885**

Note 9 Income tax

Accounting principle

Income tax expense corresponds to the sum of the current taxes due by the various Group companies, adjusted for deferred taxes.
Substantially all qualifying French subsidiaries are members of the tax group headed by Casino, Guichard-Perrachon and file a consolidated tax return.
Current tax expense reported in the income statement corresponds to the tax expense of the parent company of the tax group and of companies that are not members of a tax group.
Deferred tax assets correspond to future tax benefits arising from deductible temporary differences, tax loss carryforwards, unused tax credits and certain consolidation adjustments that are expected to be recoverable.
Deferred tax liabilities are recognised in full for:

- taxable temporary differences, except where the deferred tax liability results from recognition of a non-deductible impairment loss on goodwill or from initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or the tax loss; and
- taxable temporary differences related to investments in subsidiaries, associates and joint ventures, except when the Group controls the timing of the reversal of the difference and it is probable that it will not reverse in the foreseeable future.

Deferred taxes are recognised using the balance sheet approach and in accordance with IAS 12. They are calculated by the liability method, which consists of adjusting deferred taxes recognised in prior periods for the effect of any enacted changes in the income tax rate.
The Group reviews the probability of deferred tax assets being recovered on a periodic basis for each tax entity. This review may, if necessary, lead to the derecognition of deferred tax assets recognised in prior years. The probability for recovery is assessed based on a tax plan indicating the level of projected taxable profits.
The taxable profit used in the assessment is based on that generally obtained over a five-year period. The assumptions underlying the tax plan are consistent with those used in the medium-term business plans and budgets prepared by Group entities and approved by management.

The French corporate value-added tax (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE) which is based on the value-added reflected in the separate financial statements, is included in "Income tax expense" in the consolidated income statement.

When payments to holders of equity instruments are deductible for tax purposes, the tax effect is recognised by the Group in the income statement.

9.1 Income tax expense

9.1.1 Analysis of income tax expense

(€ millions)	2017			2016		
	France	International	Total	France	International	Total
Current income tax	**20**	**(107)**	**(87)**	(30)	(82)	(112)
Other taxes (CVAE)	**(60)**	**-**	**(60)**	(67)	-	(67)
Deferred taxes	**102**	**(10)**	**91**	129	16	145
Total income tax benefit (expense) recorded in the income statement	**61**	**(117)**	**(56)**	**32**	**(66)**	**(34)**
Income tax on items recognised in "Other comprehensive income" (Note 12.6.2)	**19**	**2**	**21**	-	(17)	(16)
Income tax on items recognised in equity	**3**	**-**	**3**	-	(26)	(26)

9.1.2 Tax proof

(€ millions)	2017		2016	
Profit before tax	**316**		**50**	
Theoretical income tax expense (i)	**(109)**	**-34.43%**	**(17)**	**-34.43%**
Reconciliation of theoretical income tax expense to actual income tax expense				
Impact of differences in foreign tax rates	**18**	**5.6%**	4	7.5%
Recognition of previously unrecognised tax benefits on tax losses and other deductible temporary differences (ii)	**32**	**10.1%**	4	8.0%
Unrecognised deferred tax assets/valuation allowances on recognised deferred tax assets on tax loss carryforwards or other deductible temporary differences (iii)	**(55)**	**-17.4%**	(47)	-95.3%
Reduction in standard French tax rate (iv)	**13**	**4.2%**	51	102.0%
CVAE net of income tax	**(40)**	**-12.5%**	(44)	-88.9%
Non-deductible interest expense (v)	**(21)**	**-6.5%**	(16)	-31.4%
Non-taxable CICE tax credits (vi)	**36**	**11.3%**	33	66.6%
3% surtax on distributed earnings (vii)	**54**	**17.0%**	(16)	-31.8%
Deductible interest on deeply subordinated perpetual bonds	**17**	**5.5%**	17	34.1%
Taxation of Mercialys shares (viii)	**13**	**4.1%**	(21)	-41.9%
Other	**(15)**	**-4.6%**	18	36.4%
Actual income tax expense/Effective tax rate	**(56)**	**-17.7%**	**(34)**	**-69.2%**

(i) The reconciliation of the effective tax rate paid by the Group is based on the current French rate of 34.43%, unchanged from 2016.
(ii) Following the review of earnings outlooks and tax options implemented at Ségisor (French holding company for the voting shares of its Brazilian subsidiary), tax loss carryforwards in an amount of €153 million were recognised, giving rise to deferred tax assets of €44 million. After taking into account profit for the year, deferred tax assets stand at €34 million at 31 December 2017.
(iii) In 2017, this concerned the E-commerce segment for €32 million and the Latam Retail segment for €19 million. In 2016, this concerned the E-commerce segment (mainly Cdiscount France) for €48 million.
(iv) Following adoption on 21 December 2017 of the 2018 Finance Act providing for a gradual reduction in the French corporate tax rate, deferred taxes have been remeasured at the tax rate that is expected to apply when the temporary differences reverse, i.e. 25.825% in 2022. This change had a positive impact on deferred taxes of €13 million.
(v) Tax laws in some countries cap the deductibility of interest paid by companies. In France, since the 2012 amended Finance Act, companies are required to add back 25% of interest expense to their taxable profit. The resulting income tax amounts disclosed for the periods presented mainly concern French entities.
(vi) See Note 6.3.
(vii) In 2017, the Group recorded a tax benefit of €60 million corresponding to a refund of the tax on distributed earnings received from the French State at the end of the year.
(viii) A deferred tax expense of €10 million has been recorded in 2017 on the taxable temporary difference between the carrying amount of Mercialys shares and their tax basis, in accordance with IAS 12 (excluding the effect of the gradual reduction of the tax rate resulting from the 2018 Finance Act, see (iv) above). This deferred tax liability was reduced at the year-end to take into account the tax rate that is expected to apply when the temporary difference reverses, leading to the recognition of a deferred tax benefit of €23 million in 2017.

9.2 Deferred taxes

9.2.1 Change in deferred tax assets

(€ millions)	2017	2016 (i)
As at 1 January	**687**	**529**
(Expense)/benefit for the year	**(158)**	(39)
Impact of changes in scope of consolidation	**2**	(18)
IFRS 5 reclassifications	**-**	141
Effect of movements in exchange rates and other reclassifications	**(32)**	86
Changes in deferred tax assets recognised directly in equity	**24**	(13)
As at 31 December	**523**	**687**

(i) Opening and closing balances in 2016 have been adjusted by €39 million and €91 million respectively, to reflect the reclassification of tax credits for philanthropic spending in France, from current tax receivables to deferred tax assets.

The net tax expense / income of deferred tax liabilities (Note 9.2.2) of discontinued operations was respectively -€46 million (income) in 2017 and €14 million (expense) in 2016.

9.2.2 Change in deferred tax liabilities

(€ millions)	2017	2016
As at 1 January	**1,094**	**1,225**
Expense/(benefit) for the year	**(295)**	(169)
Impact of changes in scope of consolidation	**1**	(54)
IFRS 5 reclassifications	**-**	(38)
Effect of movements in exchange rates and other reclassifications	**(74)**	135
Changes in deferred tax liabilities recognised directly in equity	**(2)**	(4)
As at 31 December	**725**	**1,094**

9.2.3 Deferred tax assets and liabilities by source

(€ millions)	Notes	Net	
		31 December 2017	31 December 2016
Intangible assets		**(710)**	(845)
Property, plant and equipment		**(318)**	(241)
of which finance leases		***(30)***	*(9)*
Inventories		**31**	17
Financial instruments		**70**	164
Other assets		**(85)**	(114)
Provisions		**205**	108
Regulated provisions		**(141)**	(162)
Other liabilities		**63**	54
of which finance lease liabilities		***2***	*(4)*
Tax loss carryforwards and tax credits		**683**	610
Net deferred tax assets (liabilities)		**(202)**	**(408)**
Deferred tax assets recognised in the statement of financial position	9.2.1	**523**	687
Deferred tax liabilities recognised in the statement of financial position	9.2.2	**725**	1,094
Net		**(202)**	**(408)**

The tax saving realised by the Casino, Guichard-Perrachon tax group amounted to €243 million in 2017 (2016: €280 million).

Recognised tax loss carryforwards and tax credits mainly concern the Casino Guichard-Perrachon, Éxito and GPA tax groups. The corresponding deferred tax assets have been recognised in the statement of financial position as their utilisation is considered probable in view of the forecast future taxable profits of the companies concerned. At 31 December 2017, deferred tax assets amount to €471 million for Casino, Guichard-Perrachon, €68 million for Éxito and €50 million for GPA. These amounts are expected to be recovered by 2025 for Casino, Guichard-Perrachon, 2021 for Éxito and 2022 for GPA.

9.2.4 Unrecognised deferred tax assets

As at 31 December 2017, unrecognised deferred tax assets for tax loss carryforwards amount to €501 million, representing an unrecognised deferred tax effect of €133 million (31 December 2016: €522 million, representing an unrecognised deferred tax effect of €150 million). The loss carryforwards mainly concern Cdiscount, the Franprix-Leader Price sub-group and Wilkes.

Expiry dates of unrecognised tax loss carryforwards

(€ millions)	31 December 2017	31 December 2016
Within one year	**1**	2
In one to two years	**-**	-
In two to three years	**-**	-
In more than three years	**3**	5
Without expiry date	**130**	143
Total	**133**	**150**

Note 10 Intangible assets, property, plant and equipment, and investment property

Accounting principle

The cost of non-current assets corresponds to their purchase cost plus transaction expenses including tax. For intangible assets, property, plant and equipment, and investment property, these expenses are added to the assets' carrying amount and follow the same accounting treatment.

10.1 Goodwill

Accounting principle

At the acquisition date, goodwill is measured in accordance with the accounting principle applicable to "Business combinations", described in Note 3. It is allocated to the cash generating unit or groups of cash generating units that benefit from the synergies of the combination, based on the level at which the return on investment is monitored for internal management purposes. Goodwill is not amortised. It is tested for impairment at each year-end, or whenever events or a change of circumstances indicate that it may be impaired. Impairment losses on goodwill are not reversible. The methods used by the Group to test goodwill for impairment are described in the "Impairment of non-current assets" section in Note 10.5. Negative goodwill is recognised directly in the income statement for the period of the business combination, once the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities have been verified.

10.1.1 Breakdown by business line and geographical area

(€ millions)	31 December 2017 Net	31 December 2016 Net
France Retail	**5,594**	**5,670**
Hypermarkets, supermarkets and convenience stores	*1,451*	*1,481*
Franprix-Leader Price	*2,606*	*2,651*
Monoprix	*1,301*	*1,301*
Indian Ocean	*176*	*176*
Other	*61*	*61*
E-commerce (France)	**59**	**56**
Latam Retail	**3,378**	**3,869**
Argentina	*8*	*11*
Brazil (GPA Food)	*2,531*	*2,932*
Colombia	*521*	*573*
Uruguay	*318*	*354*
Casino Group	**9,031**	**9,595**

10.1.2 Movements for the year

(€ millions)	2017	2016
Carrying amount as at 1 January	**9,595**	**10,351**
Goodwill recognised during the year (i)	**41**	113
Impairment losses recognised during the year	**(5)**	(2)
Goodwill written off on disposals (ii)	**(15)**	(791)
Effect of movements in exchange rates	**(506)**	856
IFRS 5 reclassifications (iii)	**(70)**	(903)
Other reclassifications and movements	**(8)**	(30)
Carrying amount as at 31 December	**9,031**	**9,595**

(ii) The €41 million increase in goodwill as at 31 December 2017 mainly reflects goodwill of €32 million recognised on the acquisition of various controlling interests by Franprix-Leader Price (Note 3.1.2). The €113 million increase as at 31 December 2016 was attributable to the acquisition of control of Geimex (Note 3.2.6) for €69 million and to acquisitions of controlling interests by Franprix-Leader Price for €35 million (Note 3.2.4).
(iii) In 2016, goodwill written off on disposals mainly concerned operations in Thailand.
(iv) Goodwill reclassified as "Assets held for sale" in 2016 mainly concerned Via Varejo.

10.2 Other intangible assets

Accounting principle

Intangible assets acquired separately by the Group are initially recognised at cost and those acquired in business combinations are initially recognised at fair value. Intangible assets consist mainly of purchased software, software developed for internal use, trademarks, patents and lease premiums. Trademarks that are created and developed internally are not recognised in the statement of financial position. Intangible assets are amortised on a straight-line basis over their estimated useful lives, as determined separately for each asset category. Capitalised development costs are amortised over three years and software over three to ten years. Indefinite life intangible assets (including lease premiums and purchased trademarks) are not amortised, but are tested for impairment at each year-end or whenever there is an indication that their carrying amount may not be recovered.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and amortisation methods are reviewed at each year-end and revised prospectively if necessary.

10.2.1 Breakdown of other intangible assets

(€ millions)	31 December 2017			31 December 2016		
	Gross amount	Accumulated amortisation and impairment	Net	Gross amount	Accumulated amortisation and impairment	Net
Concessions, trademarks, licences and banners	**1,652**	**(33)**	**1,618**	1,812	(34)	1,777
Lease premiums	**725**	**(17)**	**708**	789	(23)	766
Software	**1,160**	**(766)**	**394**	1,117	(695)	423
Other	**207**	**(48)**	**160**	195	(53)	142
Intangible assets	**3,743**	**(864)**	**2,879**	**3,913**	**(804)**	**3,109**

10.2.2 Movements for the year

(€ millions)	Concessions, trademarks, licences and banners	Lease premiums	Software	Other intangible assets	Total
As at 1 January 2016	**2,083**	**907**	**466**	**167**	**3,622**
Changes in scope of consolidation	-	(7)	(7)	(2)	(15)
Additions and acquisitions	1	5	109	84	198
Assets disposed of during the year	(1)	(14)	(6)	(1)	(22)
Amortisation for the year	(2)	(1)	(113)	(21)	(136)
Impairment (losses)/reversals, net	-	(4)	(11)	-	(15)
Effect of movements in exchange rates	351	114	65	18	548
IFRS 5 reclassifications	(656)	(223)	(112)	(82)	(1,072)
Other reclassifications and movements	1	(11)	31	(21)	-
As at 31 December 2016	**1,777**	**766**	**423**	**142**	**3,109**
Changes in scope of consolidation	**-**	**-**	**1**	**(1)**	**-**
Additions and acquisitions	**1**	**12**	**77**	**93**	**183**
Assets disposed of during the year	**-**	**(17)**	**-**	**(1)**	**(19)**
Amortisation for the year	**(2)**	**-**	**(110)**	**(9)**	**(122)**
Impairment (losses)/reversals, net	**-**	**5**	**(17)**	**-**	**(11)**
Effect of movements in exchange rates	**(158)**	**(46)**	**(30)**	**(2)**	**(236)**
IFRS 5 reclassifications	**-**	**(5)**	**-**	**-**	**(5)**
Other reclassifications and movements	**-**	**(6)**	**50**	**(63)**	**(19)**
As at 31 December 2017	**1,618** (i)	**708**	**394**	**160**	**2,879**

(i) Including trademarks for €1,613 million.

Internally-generated intangible assets (mainly information systems developments) represented €35 million in

2017 (2016: €31 million).

Intangible assets as at 31 December 2017 include trademarks and lease premiums with an indefinite life, carried in the statement of financial position for €1,613 million and €708 million respectively. These assets are allocated to the following groups of CGUs:

(€ millions)	31 December 2017	31 December 2016
Latam Retail	**1,330**	**1,533**
of which Brazil (GPA Food) (i)	***1,135***	*1,313*
of which Colombia	***164***	*185*
of which Uruguay	***31***	*34*
France Retail	**987**	**1,000**
of which Casino France	***67***	*73*
of which Franprix-Leader Price	***54***	*60*
of which Monoprix (i)	***860***	*861*
E-commerce	**4**	**4**

(i) Trademarks and lease premiums are allocated to the following GPA Food banners in Brazil and Monoprix banners in France:

(€ millions)	31 December 2017		31 December 2016	
	Trademarks	Lease premiums	Trademarks	Lease premiums
GPA Food	**842**	**293**	**975**	**338**
Pão de Açúcar	262	91	304	105
Extra	452	179	523	220
Assaí	128	22	148	11
Other	-	2	-	2
Monoprix	**572**	**289**	**572**	**289**
Monoprix	552	265	552	268
Naturalia	14	24	14	20
Monshowroom	6	-	6	-

Intangible assets were tested for impairment as at 31 December 2017 using the method described in Note 10.5 "Impairment of non-current assets". The test results are presented in the same note.

10.3 Property, plant and equipment

Accounting principle

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.
Subsequent expenditures are recognised in assets if they satisfy the recognition criteria of IAS 16. The Group examines these criteria before incurring the expenditure.

Land is not depreciated. All other items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives for each category of assets, with generally no residual value. The main useful lives are as follows:

Asset category	Depreciation period (years)
Land	-
Buildings (structure)	50
Roof waterproofing	15
Fire protection of the building structure	25
Land improvements	10 to 40
Building fixtures and fittings	5 to 20
Technical installations, machinery and equipment	5 to 20
Computer equipment	3 to 5

"Roof waterproofing" and "Fire protection of the building structure" are classified as separate items of property, plant and equipment only when they are installed during major renovation projects. In all other cases, they are included in the "Building (structure)" category.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and depreciation methods are reviewed at each year-end and revised prospectively if necessary.

10.3.1 Breakdown of property, plant and equipment

(€ millions)	31 December 2017 Gross amount	Accumulated depreciation and impairment	Net	31 December 2016 Gross amount	Accumulated depreciation and impairment	Net
Land and land improvements	**1,932**	**(93)**	**1,839**	2,133	(95)	2,038
Buildings, fixtures and fittings	**4,479**	**(1,686)**	**2,794**	5,085	(1,851)	3,234
Other	**7,407**	**(4,750)**	**2,657**	7,599	(4,748)	2,851
Property, plant and equipment	**13,818**	**(6,529)**	**7,289**	**14,816**	**(6,694)**	**8,123**

10.3.2 Movements for the year

(€ millions)	Land and land improvements	Buildings, fixtures and fittings	Other	Total
As at 1 January 2016	**2,103**	**3,546**	**3,120**	**8,769**
Changes in scope of consolidation (i)	(174)	(466)	(150)	(790)
Additions and acquisitions	50	134	783	967
Assets disposed of during the year	(33)	(77)	(176)	(285)
Depreciation for the year	(5)	(164)	(431)	(600)
Impairment (losses)/reversals, net	(2)	(9)	(87)	(98)
Effect of movements in exchange rates	125	397	227	749
IFRS 5 reclassifications	(24)	(211)	(216)	(452)
Other reclassifications and movements (ii)	(2)	84	(220)	(138)
As at 31 December 2016	**2,038**	**3,234**	**2,851**	**8,123**
Changes in scope of consolidation	**-**	**-**	**-**	**(1)**
Additions and acquisitions	**40**	**162**	**729**	**931**
Assets disposed of during the year	**(17)**	**(105)**	**(126)**	**(249)**
Depreciation for the year	**(4)**	**(148)**	**(400)**	**(553)**
Impairment (losses)/reversals, net	**1**	**(30)**	**(25)**	**(54)**
Effect of movements in exchange rates	**(99)**	**(278)**	**(141)**	**(518)**
IFRS 5 reclassifications	**(80)**	**(188)**	**(42)**	**(310)**
Other reclassifications and movements (ii) (iii)	**(39)**	**148**	**(189)**	**(80)**
As at 31 December 2017	**1,839**	**2,794**	**2,657**	**7,289**

(i) In 2016, mainly reflected the disposal of the Group's operations in Thailand.
(ii) Primarily a €59 million decrease concerning the property development business in 2017 (2016: €56 million decrease).
(iii) Including €39 million worth of property, plant and equipment in Colombia reclassified as investment property in 2017.

Property, plant and equipment were tested for impairment as at 31 December 2017 using the method described in Note 10.5 "Impairment of non-current assets." The test results are presented in the same note.

10.3.3 Capitalised borrowing costs

Accounting principle

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (typically more than six months) are capitalised in the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds.

Interest capitalised in 2017 amounted to €14 million, reflecting an average interest rate of 7.7% (2016: €15 million at an average rate of 8.4%). The decrease in the capitalised amount in 2017 compared to the prior year concerned operations in Argentina.

10.4 Investment property

Accounting principle

Investment property is property held by the Group to earn rental revenue or for capital appreciation or both. The shopping malls owned by the Group are classified as investment property.

Subsequent to initial recognition, they are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Their fair value is disclosed in the notes to the consolidated financial statements. Investment property is depreciated over the same useful life and according to the same rules as owner-occupied property.

10.4.1 Breakdown of investment property

(€ millions)	31 December 2017			31 December 2016		
	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
Investment property	**534**	**(73)**	**460**	**473**	**(62)**	**411**

10.4.2 Movements for the year

(€ millions)	2017	2016
As at 1 January	**411**	**771**
Changes in scope of consolidation (i)	**1**	(427)
Additions and separately acquired assets	**130**	79
Assets disposed of during the year	**(1)**	-
Depreciation for the year	**(12)**	(10)
Impairment (losses)/reversals, net	**(6)**	-
Effect of movements in exchange rates	**(50)**	26
IFRS 5 reclassifications	**(42)**	-
Other reclassifications and movements (ii)	**29**	(28)
As at 31 December	**460**	**411**

(i) In 2016, this corresponds to the disposal of the Group's operations in Thailand.
(ii) Including €39 million worth of property, plant and equipment in Colombia reclassified as investment property in 2017.

As at 31 December 2017, investment property totalled €460 million, of which 70% (€321 million) concerned Éxito. Investment property as at 31 December 2016 amounted to €411 million, of which 65% concerned Éxito.

Amounts recognised in the income statement in respect of rental revenue and operating expenses on investment properties were as follows:

(€ millions)	2017	2016
Rental revenue from investment properties	**100**	65
Directly attributable operating expenses on investment properties		
- that generated rental revenue during the year	**(21)**	(18)
- that did not generate rental revenue during the year	**(27)**	(14)

FAIR VALUE OF INVESTMENT PROPERTY

The main investment properties as at 31 December 2017 were held by Éxito.
As at 31 December 2017, the fair value of investment property was €798 million (31 December 2016: €644 million). For most investment properties, fair value is determined on the basis of valuations carried out by independent external appraisers. In accordance with international valuation standards, they are based on market value as confirmed by market indicators, representing a level 3 fair value input.
The fair value of investment property classified as "Assets held for sale" amounted to €56 million as at 31 December 2017 and concerned the France Retail segment.

10.5 Impairment of non-current assets

Accounting principle

The procedure to be followed to ensure that the carrying amount of assets does not exceed their recoverable amount (recovered by use or sale) is defined in IAS 36.
Intangible assets and property, plant and equipment are tested for impairment whenever there is an indication that their carrying amount may not be recoverable and at least annually, at the end of the year, for goodwill and intangible assets with an indefinite useful life.

Cash Generating Units (CGUs)

A cash generating unit is the smallest identifiable group of assets that includes the asset and that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
The Group has defined its cash generating units as follows:

- for hypermarkets, supermarkets and discount stores, each store is treated as a separate CGU;
- for other networks, each network represents a separate CGU.

Impairment indicators

Apart from the external sources of data monitored by the Group (economic environment, market value of the assets, etc.), the impairment indicators used are based on the nature of the assets:

- land and buildings: loss of rent or early termination of a lease;
- operating assets related to the business (assets of the CGU): ratio of net carrying amount of store assets divided by sales (including VAT) higher than a defined level determined separately for each store category;
- assets allocated to administrative activities (headquarters and warehouses): site closure or obsolescence of equipment used at the site.

Recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. It is generally determined separately for each asset. When this is not possible, the recoverable amount of the group of CGUs to which the asset belongs is used.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In the retail industry, fair value less costs to sell is generally determined on the basis of a sales or EBITDA multiple.

Value in use is the present value of the future cash flows expected to be derived from continuing use of an asset plus a terminal value. It is determined internally or by external experts on the basis of:

- cash flow projections contained usually in business plans covering three years. Cash flows beyond this projection period are usually estimated over a period of three years by applying a growth rate as determined by Management (generally constant);
- a terminal value determined by applying a perpetual growth rate to the final year's cash flow projection.

The cash flows and terminal value are discounted at long-term after-tax market rates reflecting market estimates of the time value of money and the specific risks associated with the asset.

Impairment losses

An impairment loss is recognised when the carrying amount of an asset or the CGU to which it belongs is greater than its recoverable amount. Impairment losses are recorded as an expense under "Other operating income and expenses".

Impairment losses recognised in a prior period are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment losses on goodwill cannot be reversed.

10.5.1 Movements for the year

Impairment losses recognised in 2017 on goodwill, intangible assets, property, plant and equipment and investment property totalled €76 million (Note 6.5), of which €11 million arose from restructuring operations (mainly in the France Retail segment) and €63 million corresponded to write-downs of individual assets (mainly in the France Retail segment for €34 million and the Latam Retail segment for €28 million).

Following the tests carried out in 2016, impairment losses totalling €115 million had been recognised on goodwill, intangible assets and property, plant and equipment, of which €58 million arose from restructuring operations mainly in the France Retail segment and €49 million corresponded to write-downs of individual assets (primarily in the France Retail and E-commerce segments).

10.5.2 Goodwill impairment losses

Annual impairment testing consists of determining the recoverable amounts of the cash generating unit (CGU) or groups of CGUs to which the goodwill is allocated and comparing them with the carrying amounts of the relevant assets. Goodwill arising on the initial acquisition of networks is allocated to the groups of CGUs in accordance with the classifications presented in Note 10.1.1. Some goodwill may also occasionally be allocated directly to CGUs.

Annual impairment testing consists of determining the recoverable amount of each CGU based on value in use, in accordance with the principles described in Note 10.1. Value in use is determined by the discounted cash flows method, based on after-tax cash flows and using the following rates.

Assumptions used in 2017 for internal calculations of values in use

Region	2017 perpetual growth rate (i)	2017 after-tax discount rate (ii)	2016 perpetual growth rate (i)	2016 after-tax discount rate (ii)
France (retail) (iii)	**1.8%**	**5.6%**	1.7%	5.6%
France (other businesses) (iii)	**1.8% and 2.3%**	**5.6% and 7.0%**	1.7% and 2.2%	5.6% and 7.2%
Argentina	**8.8%**	**15.5%**	8.5%	17.1%
Brazil (iv)	**5.5%**	**9.9%**	6.0%	12.4% and 11.6% (vi)
Colombia (iv)	**3.0%**	**8.8%**	3.0%	8.9%
Uruguay	**6.1%**	**11.8%**	6.6%	13.2%
Indian Ocean (v)	**1.8% to 5.0%**	**5.6% to 14.8%**	1.7% to 5.5%	5.6% to 14.2%

(i) The inflation-adjusted perpetual growth rate ranges from 0% to 1.5% depending on the nature of the CGU's business/banner and country.
(ii) The discount rate corresponds to the weighted average cost of capital (WACC) for each country. WACC is calculated at least once a year during the annual impairment testing by taking account of the sector's levered beta, a market risk premium and the Group's cost of debt.
(iii) In France, the discount rate also takes account of the CGU's type of business/banner and the associated operational risks.
(iv) As at 31 December 2017, the market capitalisation of the listed subsidiaries GPA, Éxito and Cnova was €5,296 million, €2,073 million and €1,516 million, respectively. With the exception of Cnova, these market capitalisations were less than the carrying amount of the subsidiaries' net assets. Impairment tests on GPA and Éxito goodwill were performed based on their value in use (see below).
(v) The Indian Ocean region includes Reunion, Mayotte, Madagascar and Mauritius. The discount rates used reflect the risks inherent in each of these regions.
(vi) The discount rate applied to cash flows is 12.4% for the three-year business plan period and 11.6% beyond to take into account inflation and interest rate assumptions for the projection period.

No impairment loss was recognised as at 31 December 2017 from the annual goodwill impairment test conducted at the end of the year. However, an impairment loss of €5 million was recognised during the year on goodwill allocated to an isolated CGU.

With the exception of Franprix-Leader Price, in view of the positive difference between value in use and carrying amount, the Group believes that on the basis of reasonably foreseeable events, any changes in the key assumptions set out above would not lead to the recognition of an impairment loss. The Group considers reasonably foreseeable changes in key assumptions to be a 100-basis point increase in the discount rate or a 25-basis point decrease in the perpetual growth rate used to calculate terminal value or a 50-basis point decrease in the EBITDA margin for the cash flow projection used to calculate the terminal value.

The recoverable amount of the Franprix-Leader Price CGU was determined by reference to its value in use, calculated from cash flow projections based on three-year financial budgets approved by executive management, extrapolation of projections over a period of three years and a 5.6% discount rate (2016: 5.6%).

The cash flow projections for the budget period were based on the following assumptions:

- deployment of the new concept at Leader Price
- ongoing deployment of a banner strategy based on a balance between integrated management stores and franchisees
- restoration of the two banners' profitability (EBITDA margins) to a rate in line with the historical average, led by larger product volumes and optimised store and upstream function cost bases

Management believes that a change in a key assumption could result in a carrying amount greater than the recoverable amount. The table below shows the individual change in each of the key assumptions that would be required for the estimated recoverable amount of the Franprix-Leader Price CGU to be the same as its carrying amount (including €2,536 million in goodwill).

Change required for the Franprix-Leader Price CGU's carrying amount to be the same as its recoverable amount	31 December 2017 (i)	31 December 2016
After-tax discount rate (5.6%)	**+90 bps**	+100 bps
Perpetual growth rate net of inflation (0%)	**-110 bps**	-120 bps
EBITDA margin used for the annual cash flow projection	**-125 bps**	-120 bps

(i) A reasonable 100-bps increase in the discount rate, and/or a 50-bps decrease in the EBITDA margin used for the cash flow projection, would result in the carrying amount of the Franprix-Leader Price CGU exceeding its recoverable amount by between €0 and €300 million.

10.5.3 Trademark impairment losses

The recoverable amounts of trademarks were estimated at the year-end using the "discounted cash flows" method. The main trademarks concern GPA. The Extra banner's trademark (representing a carrying amount of €452 million as at 31 December 2017) is the most exposed to a risk of impairment. However, the tests carried out as at 31 December 2017 did not reveal any evidence that the trademark's carrying amount might not be recoverable.

The table below shows the individual change in each of the key assumptions that would be required for the estimated recoverable amount of the Extra trademark to be the same as its carrying amount:

Change required for the Extra trademark's carrying amount to be the same as its recoverable amount	31 December 2017 (i)
After-tax discount rate (9.9%)	**+180 bps**
Perpetual growth rate net of inflation (1.5%)	**-315 bps**
EBITDA margin used for the annual cash flow projection	**-165 bps**

(i) A reasonable 100-bps increase in the discount rate, combined with a 50-bps decrease in the EBITDA margin used for the cash flow projection and a 25-bps decrease in the perpetual growth rate, would result in the carrying amount of the Extra CGU (including the trademark) exceeding its recoverable amount by approximately €60 million.

Note 11 Financial structure and finance costs

Accounting principle

Financial assets

All financial assets are initially recognised at fair value.

Financial assets are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

The Group does not own any financial assets qualified as held-to-maturity financial assets.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

A financial asset is classified as a financial asset at fair value through profit or loss if it is classified as held for trading or designated as such on initial recognition. These assets are initially recognised at fair value and any subsequent changes in fair value, taking into account interest and dividends, are recorded in profit or loss.
The Group can thus designate its short-term investments at fair value on initial recognition.

LOANS AND RECEIVABLES

Loans and receivables are financial assets issued or acquired by the Group in exchange for cash, goods or services that are paid, delivered or rendered to a debtor. They are measured at amortised cost using the effective interest method. Long-term loans and receivables that are not interest-bearing or that bear interest at a below-market rate are discounted when the amounts involved are material. Any impairment loss is recognised in the income statement.
This category primarily includes trade receivables, liquid assets as well as other loans and receivables.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets correspond to all other financial assets. They are measured at fair value. Gains and losses arising from re-measurement at fair value are recognised in other comprehensive income until the asset is sold, collected or otherwise disposed of or until there is evidence of material or other-than-temporary impairment of the asset. In these cases, gains and losses that were previously recognised in other comprehensive income are reclassified to the income statement.
Impairment losses on available-for-sale equity instruments are irreversible and any subsequent increase in fair value is recognised directly in other comprehensive income.
Any subsequent increase in fair value of available-for-sale debt instruments is recognised in the income statement to the extent of the impairment loss previously recognised in the income statement.
This category mainly comprises investments in non-consolidated companies.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and short-term investments.
To be classified as cash equivalents under IAS 7, investments must be :

- short-term investments;
- highly liquid investments;
- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value.

Usually, the Group uses interest bearing bank accounts or term deposits of less than three months.

DERECOGNITION OF FINANCIAL ASSETS

Financial assets are derecognised in the following two cases:

- the contractual rights to the cash flows from the financial asset have expired; or,
- the contractual rights have been transferred. In this latter case:
  - if substantially all the risks and rewards of ownership of the financial asset have been transferred, the asset is derecognised in full;
  - if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognised in the statement of financial position for its total amount.

The Group has set up receivables discounting programmes with banks. These programmes generally meet the conditions for derecognition of financial assets under IAS 39 described above. The Group considers as insignificant the risk of discounted receivables being cancelled by credit notes or being set off against liabilities. The main receivables discounting programmes relate to GPA. The programmes are set up with banks and credit card issuers and correspond for the most part to sales of credit card receivables (in Brazil, it takes several weeks for vendors to receive settlement of credit card transactions). The contract terms do not include any rights of subrogation or related obligations and the risks and rewards of ownership of the receivables are transferred to the bank or credit card issuer which controls them.
The other receivables discounting programmes have been set up in France and relate to trade and tax receivables; risks and rewards of ownership of those receivables are also transferred to the bank.

Financial liabilities

Financial liabilities are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

FINANCIAL LIABILITIES RECOGNISED AT AMORTISED COST

Borrowings and other financial liabilities at amortised cost are initially measured at the fair value of the consideration received, and subsequently at amortised cost, using the effective interest method. Transaction costs and issue and redemption premiums directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying amount. The costs are then amortised over the life of the liability by the effective interest method.
Within the Group, some loans and other financial liabilities at amortised cost are hedged.

Several subsidiaries have set up reverse factoring programmes with financial institutions to enable their suppliers to collect receivables more quickly in the ordinary course of the purchasing process.
The accounting policy for these transactions depends on whether or not the characteristics of the liabilities concerned have been changed. For example, when trade payables are not substantially modified (term and due date, consideration, face value) they continue to be recorded under "Trade payables". Otherwise, they are qualified as financing transactions and included in financial liabilities under "Trade payables – structured programme".

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

These are financial liabilities intended to be held on a short-term basis for trading purposes. They are measured at fair value and gains and losses arising from remeasurement at fair value are recognised in the income statement. The Group does not recognise any financial liabilities at fair value through profit or loss.
The accounting treatment of put options granted to owners of non-controlling interests ("NCI puts") is described in Note 3.4.1.

Derivative instruments

All derivative instruments are recognised in the statement of financial position and measured at fair value.

DERIVATIVE FINANCIAL INSTRUMENTS THAT QUALIFY FOR HEDGE ACCOUNTING: RECOGNITION AND PRESENTATION

In accordance with IAS 39, the Group applies hedge accounting to:

- fair value hedges (for example, swaps to convert fixed rate debt to variable rate). In this case, the debt is recognised at fair value up to the amount of the hedged risk and any change in fair value is recognised in profit or loss. Gains and losses arising from remeasurement at fair value of the derivative are also recognised in profit or loss. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative;
- cash flow hedges (for example, swaps to convert floating rate debt to fixed rate or to change the borrowing currency, and hedges of budgeted purchases billed in a foreign currency). For these hedges, the ineffective portion of the change in the fair value of the derivative is recognised in profit and loss and the effective portion is recognised in other comprehensive income and subsequently reclassified to profit or loss on a symmetrical basis with the hedged cash flows in terms of both timing and classification (i.e. in trading profit for hedges of operating cash flows and in net financial income and expense for other hedges);
- hedges of net investments in foreign operations. For these hedges, the effective portion of the change in fair value attributable to the hedged foreign currency risk is recognised net of tax in other comprehensive income and the ineffective portion is recognised directly in financial income or expense. Gains or losses accumulated in other comprehensive income are reclassified to profit or loss on the date of liquidation or disposal of the net investment.

Hedge accounting may only be used if:

- the hedging relationship is clearly defined and documented at inception; and
- the effectiveness of the hedge can be demonstrated at inception and throughout its life.

DERIVATIVE FINANCIAL INSTRUMENTS THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING: RECOGNITION AND PRESENTATION

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, successive changes in its fair value are recognised directly in profit or loss for the period under "Other financial income and expenses".

Definition of net debt

Net debt corresponds to loans and other borrowings including derivatives designed as fair value hedge (liabilities) and trade payables – structured programme, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives designated as fair value hedge (assets), (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to owners of the parent of the selling subsidiary.

11.1 Net cash and cash equivalents

(€ millions)	31 December 2017	31 December 2016
Cash equivalents	**1,531**	2,429
Cash	**1,860**	3,321
Cash and cash equivalents	**3,391**	**5,750**
Bank overdrafts (Note 11.2.4)	**(154)**	(136)
Net cash and cash equivalents	**3,236**	**5,614**

As at 31 December 2017, cash and cash equivalents were not subject to any material restrictions, except for the €24 million placed in escrow in connection with the class action against Cnova N.V. (Note 13.3). Bank guarantees are presented in Note 6.11.1.

11.2 Financial liabilities

11.2.1 Breakdown of financial liabilities

Financial liabilities amounted to €8,722 million as at 31 December 2017 (31 December 2016: €10,215 million), breaking down as follows:

(€ millions)	Notes	31 December 2017			31 December 2016		
		Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds [(i)]	11.2.3	**6,008**	**498**	**6,506**	6,165	804	6,969
Other borrowings and financial liabilities	11.2.4	**1,164**	**956**	**2,120**	1,479	1,601	3,080
Finance lease liabilities	7.5	**47**	**17**	**65**	63	16	79
Fair value hedges – liabilities [(ii)]	11.5.1	**10**	**22**	**32**	26	61	87
Financial liabilities		**7,229**	**1,493**	**8,722**	**7,733**	**2,482**	**10,215**
Fair value hedges – assets [(iii)]	11.5.1	**(94)**	**(4)**	**(98)**	(257)	(34)	(291)
Other financial assets	6.8.1	**-**	**(38)**	**(38)**	-	(39)	(39)
Net assets held for sale attributable to owners of the parent of the selling subsidiary	3.5	**-**	**(1,070)**	**(1,070)**	-	(768)	(768)
Cash and cash equivalents	11.1	**-**	**(3,391)**	**(3,391)**	-	(5,750)	(5,750)
Cash and cash equivalents, other financial assets and net assets held for sale		**(94)**	**(4,502)**	**(4,596)**	**(257)**	**(6,591)**	**(6,848)**
NET DEBT		**7,136**	**(3,010)**	**4,126**	**7,476**	**(4,109)**	**3,367**

(i) Of which bond issues totalling €5,757 million in France and €749 million at GPA as at 31 December 2017 (31 December 2016: of which bond issues totalling €6,269 million in France and €700 million at GPA).
(ii) Of which fair value hedges totalling €16 million in Brazil, €10 million in Colombia and €6 million in France as at 31 December 2017 (31 December 2016: €80 million in Brazil, €5 million in Colombia and €3 million in France).
(iii) Of which fair value hedges totalling €89 million in France, €7 million in Brazil and €2 million in Colombia as at 31 December 2017 (31 December 2016: €257 million in France, €31 million in Brazil and €3 million in Colombia).

BREAKDOWN OF NET DEBT BY OPERATING SEGMENT

(€ millions)	31 December 2017				31 December 2016			
	Debt (i)	Cash and cash equivalents	Net assets classified under IFRS 5 attributable to owners of the parent	Net debt	Debt (i)	Cash and cash equivalents	Net assets classified under IFRS 5 attributable to owners of the parent	Net debt
France Retail	**6,022**	**(1,872)**	**(435)**	**3,715**	**6,884**	**(3,614)**	**(70)**	**3,200**
Latam Retail	**2,326**	**(1,475)**	**(7)**	**845**	**2,973**	**(1,939)**	**(1)**	**1,032**
of which GPA Food	*1,147*	*(952)*	*(6)*	*189*	*1,713*	*(1,492)*	*-*	*221*
of which Éxito (ii)	*1,179*	*(522)*	*(1)*	*655*	*1,259*	*(447)*	*(1)*	*810*
Latam Electronics	**-**	**-**	**(628)**	**(628)**	**-**	**-**	**(697)**	**(697)**
E-commerce	**238**	**(44)**	**-**	**194**	**28**	**(196)**	**-**	**(168)**
Total	**8,586**	**(3,391)**	**(1,070)**	**4,126**	**9,885**	**(5,750)**	**(768)**	**3,367**

(i) Financial liabilities net of fair value hedging derivatives assets and other financial assets.
(ii) Éxito excluding GPA, including Argentina and Uruguay.

11.2.2 Change in financial liabilities

(€ millions)	2017	2016
Financial liabilities at beginning of period	***10,215***	*11,735*
Fair value hedges – assets	***(291)***	*(675)*
Financial liabilities at beginning of period (including hedging instruments)	**9,924**	**11,059**
New borrowings (i) (v)	**1,589**	1,577
Repayments of borrowings (ii) (v)	**(2,534)**	(2,826)
Change in fair value of hedged debt	**92**	46
Change in accrued interest	**(109)**	215
Effect of movements in exchange rates	**(352)**	528
Changes in scope of consolidation (iii)	**10**	(534)
Reclassification of financial liabilities associated with non-current assets held for sale	**(17)**	(349)
Other and reclassifications (iv)	**22**	209
Financial liabilities at end of period (including hedging instruments)	**8,625**	**9,924**
Financial liabilities at end of period (Note 11.2.1)	***8,722***	*10,215*
Fair value hedges - assets (Note 11.2.1)	***(98)***	*(291)*

(i) New borrowings in 2017 primarily consisted of the following: (a) a bond issue by GPA for €300 million along with a GPA promissory notes issue in BRL for €222 million and new borrowings for €132 million; (b) drawdowns on lines of credit and new borrowings at Éxito for €216 million and €493 million, respectively; and (c) the impact of the bond exchange in France for €147 million net of transaction costs (Note 2). New borrowings in 2016 mainly included: (a) net increase in negotiable European commercial paper (NEU CP) for €97 million; (b) new borrowings by Éxito for €224 million, by Brazilian subsidiaries for €458 million (including €106 million for GPA and €353 million for Cnova Brazil), and Big C Thailand for €207 million, and (c) a bond issue by GPA for €262 million together with two promissory notes issues for €260 million.
(ii) Repayments of borrowings in 2017 primarily concerned Casino, Guichard-Perrachon for €883 million (including (a) redemption of a €552 million bond issue and (b) the €311 million net change in borrowings under the negotiable European commercial paper program), GPA for €974 million and Éxito for €649 million. In 2016, repayments of borrowings mainly concerned Casino, Guichard-Perrachon for €1,384 million (including (a) €978 million in bond buybacks and (b) redemption of a €386 million bond issue) and GPA for €993 million (including (a) €385 million in settlements of reverse factored trade payables ("structured programme"), (b) €528 million in miscellaneous debt repayments, and (c) €130 million in repayments of promissory notes.
(iii) Including, in 2016, a negative €502 million following the disposal of operations in Thailand and a negative €67 million relating to the disposal of operations in Vietnam (Note 3.5.2).
(iv) Including €238 million in reverse factored trade payables in 2016.
(v) In 2017, cash flows relating of financing activities can be summarised as a net disbursement of €1,450 million; they consist of repayments of borrowings for €2,354 million and net interest paid for €505 million (Note 4.9), offset by new borrowings for €1,589 million.

11.2.3 Breakdown of bonds

(€ millions)	Principal (i)	Nominal interest rate (ii)	Effective interest rate (ii)	Issue date	Maturity date	2017 (iii)	2016 (iii)
CGP bonds in euros	**5,614**					**5,757**	**6,269**
2017 bonds		F: 4.38	5.27%	February 2010	February 2017	**-**	552
2018 bonds	355	F: 5.73	6.47%	May 2010	November 2018	**361**	527
2019 bonds	697	F: 4.41	4.04%	August 2012 April 2013	August 2019	**714**	884
2020 bonds	540	F: 5.24	5.28%	March 2012	March 2020	**559**	631
2021 bonds	850	F: 5.98	6.38%	May 2011	May 2021	**898**	919
2022 bonds	550	F: 1.87	2.90%	June 2017	June 2022	**523**	-
2023 bonds	758	F: 4.56	4.47%	January 2013 May 2013	January 2023	**811**	833
2024 bonds	900	F: 4.50	5.44%	March 2014	March 2024	**912**	932
2025 bonds	450	F: 3.58	3.62%	December 2014	February 2025	**449**	448
2026 bonds	514	F: 4.05	4.09%	August 2014	August 2026	**530**	543
GPA bonds in BRL	**753**					**749**	**700**
2017 bonds	-	V: 108.0% CDI	V: 108.0% CDI	August 2016	January 2017	**-**	146
2019 bonds	227	V: 107.0% CDI	V: 107.0% CDI	September 2014	September 2019 (iv)	**227**	262
2019 bonds	255	V: 97.5% CDI	V: 97.5% CDI	December 2016	December 2019	**255**	291
2020 bonds	272	V: 96.0% CDI	V: 96.0% CDI	April 2017	April 2020	**268**	-
Total bonds						**6,506**	**6,969**

(i) Corresponds to the principal of the bonds outstanding as at 31 December 2017.
(ii) F (Fixed rate) - V (Variable rate) - CDI (*Certificado de Depósito Interbancário*). The effective interest rates on Casino, Guichard-Perrachon bonds do not reflect the possible impact of the remeasurement component relating to fair value hedges.
(iii) The amounts above include the remeasurement component relating to fair value hedges. They are presented excluding accrued interest.
(iv) The repayment of this bond will take place for equal parts in September 2018 and September 2019.

11.2.4 Other borrowings

(€ millions)	Principal	Type of rate	Issue date	Maturity date	2017	2016
France						
Negotiable European commercial paper (Casino Guichard-Perrachon)	210	Fixed	(i)	(i)	**210**	522
Other Franprix-Leader Price borrowings	72	Variable/Fixed (ii)	2010 to 2015	2019 to 2024	**72**	85
Other (iii)					**24**	31
International						
GPA	297	Variable (iv)/Fixed (v)	*January 2012 to September 2017*	*January 2018 to May 2027*	**296**	744
Éxito	1,155	Variable (iv)	*August 2015 to December 2017*	*February 2018 to August 2025*	**1,149**	1,241
Bank overdrafts (vi)					**154**	136
Accrued interest (vii)					**215**	321
Total other borrowings					**2,120**	**3,080**
Of which variable rate					***1,682***	***2,218***

(i) Negotiable European commercial paper (NEUCP) is short-term financing generally with a maturity of less than 12 months.
(ii) Of which fixed-rate loans amounting to €2 million as at 31 December 2017 (31 December 2016: €4 million).
(iii) Of which €15 million concerning Cdiscount (31 December 2016: €17 million).
(iv) Most of GPA and Éxito's variable-rate loans pay interest at rates based on the CDI and IBR, respectively.
(v) Of which fixed-rate loans amounting to €11 million as at 31 December 2017 (31 December 2016: €15 million).
(vi) Overdrafts are mostly in France.
(vii) Accrued interest relates to all financial liabilities including bonds. As at 31 December 2017, this accrued interest primarily concerned Casino, Guichard-Perrachon for €164 million and GPA for €44 million (31 December 2016: Casino, Guichard-Perrachon for €157 million and GPA for €156 million).

Confirmed bank credit lines 2017

(€ millions)	Interest rate	Expiry date Within one year	In more than one year	Amount of the facility	Drawdowns
Casino, Guichard-Perrachon syndicated credit lines (i)	Variable (i)	-	1,825	1,825	-
Casino, Guichard-Perrachon bilateral credit lines	Variable (ii)	50	823	873	-
Other confirmed bank credit lines (iv)	Variable (iii)	457	570	1,027	28
Total		**507**	**3,218**	**3,725**	**28**

(i) Syndicated credit lines comprise a €1,200 million line expiring in February 2021 and a USD 750 million line expiring in July 2022 (Note 2). Interest is based on Euribor (drawdowns in euros) or US Libor (drawdowns in US dollars) for the drawdown period plus a spread that depends on the amount borrowed and the Group's net debt/EBITDA ratio.
(ii) Interest on the bilateral credit lines is based on the Euribor for the drawdown period plus a spread. In some cases, the spread varies depending on the amount borrowed (lines totalling €250 million) and/or the Group's net debt/EBITDA ratio (lines totalling €250 million). For one line, the spread is partially indexed to the Group's Sustainalytics CSR rating.
(iii) Interest on the other lines is based on the reference rate (which depends on the borrowing currency) plus a spread. In some cases, the spread varies depending on the subsidiary's net debt/EBITDA ratio (lines totalling €370 million) and/or the amount borrowed (lines totalling €450 million).
(iv) The other confirmed bank credit lines concern Monoprix (€570 million), GPA (€289 million) and Éxito (€168 million).

11.3 Net financial income (expense)

Accounting principle

Net finance costs

Net finance costs correspond to all income and expenses generated by cash and cash equivalents and financial liabilities during the period, including income from cash and cash equivalents, gains and losses on disposals of cash equivalents, interest expense on financial liabilities, gains and losses on interest rate hedges (including the ineffective portion) and related currency effects, and trade payable – structured program costs.

Other financial income and expenses

This item corresponds to financial income and expenses that are not included in net finance costs.

It includes dividends received from non-consolidated companies, non-recourse factoring and associated transaction costs, discounting adjustments (including to provisions for pensions and other post-employment benefit obligations), gains and losses arising from remeasurement at fair value of equity derivatives, and impairment losses and realised gains and losses on financial assets other than cash and cash equivalents. Exchange gains and losses are also recorded under this caption, apart from (i) exchange gains and losses on cash and cash equivalents and financial liabilities, which are presented under net finance costs, and (ii) the effective portion of accounting hedges of operating transactions, which are included in trading profit.

Financial discounts for prompt payments are recognised in financial income for the portion corresponding to the normal market interest rate and as a deduction from cost of goods sold for the supplement.

11.3.1 Net finance costs

(€ millions)	2017	2016
Gains (losses) on disposals of cash equivalents	-	-
Income from cash and cash equivalents	81	110
Income from cash and cash equivalents	**81**	**110**
Interest expense on borrowings after hedging (i)	(439)	(427)
Interest expense on finance lease liabilities	(10)	(8)
Finance costs	**(449)**	**(434)**
Net finance costs	**(367)**	**(324)**

(i) In 2016, income of €13 million was recognised following exercise of the call option on the mandatory convertible bonds issued by Monoprix as well as a €33 million gain as a result of bond buybacks (not including the effect of future interest savings).

11.3.2 Other financial income and expenses

(€ millions)	2017	2016
Investment income	**1**	-
Foreign currency exchange gains (other than on borrowings)	**19**	40
Discounting and accretion adjustments	**2**	2
Gains on remeasurement at fair value of non-hedging derivative instruments (i)	**89**	185
Other	**50**	58
Other financial income	**161**	**286**
Foreign currency exchange losses (other than on borrowings)	**(25)**	(38)
Discounting and accretion adjustments	**(8)**	(12)
Losses on remeasurement at fair value of non-hedging derivative instruments (i)	**(42)**	(116)
Non-recourse factoring and associated transaction costs	**(83)**	(78)
Other	**(81)**	(77)
Other financial expenses	**(239)**	**(321)**
Total other financial income and expenses	**(78)**	**(35)**

(i) The net gain of €47 million on remeasurement at fair value of non-hedging derivative instruments reported in 2017 mainly reflects (a) positive fair value adjustments to the GPA TRS (€32 million) and GPA forward (€51 million), less the cost of carry associated with these instruments (€15 million); and (b) negative fair value adjustments to other derivative instruments (€21 million). In 2016, the net gain of €69 million primarily reflected positive fair value adjustments to the GPA TRS (€30 million), the GPA forward (€15 million) and the Big C Thailand TRS (€23 million) which was unwound during the period.

The total return swap (TRS) and forward contracts on GPA shares are cash-settled instruments. The documentation states that when the contracts expire, the shares will be sold on the market by the banking counterparties, and the Group will receive or pay the difference between the sale proceeds and the amount paid by the counterparties to purchase the shares at the contracts' inception. The Group retains the economic benefits of ownership of the shares (exposure to changes in the subsidiaries' share prices and collection of dividends) but does not have legal title to the shares and cannot exercise the related voting rights. Details of the contracts are as follows:

- In December 2011, the Group entered into a 2.5-year TRS with a financial institution on 7.9 million GPA American Depositary Receipts (ADRs). The contract's maturity was extended on 23 December 2016 and again on 27 October 2017. The interest rate is currently set at the 3-month Euribor plus 199 bps and the contract expires in June 2020. This TRS is a derivative instrument measured at fair value through profit or loss. As at 31 December 2017, it related to 7.8 million ADRs (2.9% of GPA's capital) representing a notional amount of €332 million, and had a negative fair value of €177 million (31 December 2016: 7.8 million ADRs, a notional amount of €332 million and a negative fair value of €209 million).

- At the end of December 2012, the Group entered into a 2-year forward contract with a financial institution on 5.8 million GPA shares. On 28 July 2016, the maturity was extended and the notional amount was reduced by USD 105 million (€95 million), resulting in a cash payment made by the Group on the same day. The maturity was extended again in June 2017. The interest rate currently corresponds to the 3-month Libor plus 204 bps and the contract expires in February 2020. This forward is a derivative instrument measured at fair value through profit or loss. As at 31 December 2017, it related to 5.8 million shares (2.2% of GPA's capital) representing a notional amount of USD 239 million (€199 million), and had a negative fair value of €83 million (31 December 2016: 5.8 million shares, a notional amount of USD 239 million (€227 million) and a negative fair value of €134 million).

In 2012, the Group entered into a TRS with a financial institution on 20.6 million Big C Thailand shares. The TRS was settled in 2016, leading to the recognition of €23 million in "Other financial income" corresponding to the net cash settlement on the TRS for €2 million and the positive change of fair value for €21 million.

These instruments' fair value is determined based on the estimated settlement price on 31 December, using the share price on that date. The instruments had a negative fair value of €260 million as at 31 December 2017 (2016: negative fair value of €343 million) (Note 11.5.1).

11.4 Fair value of financial instruments

Accounting principle

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in an active market is the quoted price on the reporting date. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are classified as Level 1.

The fair value of financial instruments which are not quoted in an active market (such as over-the-counter derivatives) is determined using valuation techniques. These techniques use observable market data wherever possible and make little use of the Group's own estimates. If all the inputs required to calculate fair value are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

11.4.1 Financial assets and liabilities by category of instrument

FINANCIAL ASSETS

The following table shows financial assets by category.
The Group does not hold any assets that would be classified in the categories "financial assets at fair value through profit or loss" or "held-to-maturity financial assets".

(€ millions)	Total financial assets	Breakdown by category of instrument				
		Held-for-trading financial assets	Hedging instruments	Loans and receivables	AFS – measured at fair value	AFS – measured at cost
As at 31 December 2017						
Other non-current assets (i)	**703**	**-**	**94**	**573**	**32**	**4**
Trade receivables	**946**	**-**	**-**	**946**	**-**	**-**
Other current assets (i)	**780**	**-**	**4**	**776**	**-**	**-**
Cash and cash equivalents	**3,391**	**4**	**-**	**3,386**	**-**	**-**
As at 31 December 2016						
Other non-current assets (i)	787	12	257	481	35	2
Trade receivables	880	-	-	880	-	-
Other current assets (i)	979	2	54	922	-	-
Cash and cash equivalents	5,750	23	-	5,727	-	-

(i) Excluding non-financial assets.

FINANCIAL LIABILITIES

The following table shows financial liabilities by category.

(€ millions)	Total financial liabilities	Breakdown by category of instrument		
		Liabilities at amortised cost	NCI Puts	Derivative instruments
As at 31 December 2017				
Bonds	**6,506**	**6,506**	**-**	**-**
Other borrowings and financial liabilities	**2,152**	**2,120**	**-**	**32**
Put options granted to owners of non-controlling interests	**171**	**-**	**171**	**-**
Finance lease liabilities	**65**	**65**	**-**	**-**
Trade payables	**6,649**	**6,649**	**-**	**-**
Other liabilities (i)	**2,086**	**1,809**	**-**	**277**
As at 31 December 2016				
Bonds	6,969	6,969	-	-
Other borrowings and financial liabilities	3,167	3,080	-	87
Put options granted to owners of non-controlling interests	382	-	382	-
Finance lease liabilities	79	79	-	-
Trade payables	6,939	6,939	-	-
Other liabilities (i)	2,166	1,822	-	344

(i) Excluding non-financial liabilities.

11.4.2 Fair value hierarchy for assets and liabilities

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, cash and cash equivalents and bank overdrafts. The fair value of investment property is presented in Note 10.4 and the fair value of Via Varejo's net assets held for sale in Note 3.5.2.

			Fair value hierarchy		
As at 31 December 2017 (€ millions)	**Carrying amount**	**Fair value**	**Market price = Level 1**	**Models with observable inputs = Level 2**	**Models with unobservable inputs = Level 3**
Assets	**130**	**130**	**-**	**98**	**32**
Available-for-sale financial assets (i)	**32**	**32**	**-**	**-**	**32**
Fair value hedges – assets (ii)	**98**	**98**	**-**	**98**	**-**
Other derivative instruments – assets	**-**	**-**	**-**	**-**	**-**
Liabilities	**9,170**	**9,701**	**6,288**	**3,242**	**171**
Bonds (iii)	**6,506**	**7,040**	**6,288**	**752**	**-**
Other borrowings and finance lease liabilities (iv)	**2,184**	**2,181**	**-**	**2,181**	**-**
Fair value hedges – liabilities (ii)	**32**	**32**	**-**	**32**	**-**
Other derivative instruments – liabilities (ii)	**277**	**277**	**-**	**277**	**-**
Put options granted to owners of non-controlling interests (v)	**171**	**171**	**-**	**-**	**171**

			Fair value hierarchy		
As at 31 December 2016 (€ millions)	**Carrying amount**	**Fair value**	**Market price = Level 1**	**Models with observable inputs = Level 2**	**Models with unobservable inputs = Level 3**
Assets	**361**	**361**	**-**	**313**	**48**
Available-for-sale financial assets (i)	35	35	-	-	35
Fair value hedges – assets (ii)	291	291	-	291	-
Other derivative instruments – assets	35	35	-	23	12
Liabilities	**10,940**	**11,435**	**6,964**	**4,276**	**195**
Bonds (iii)	6,969	7,470	6,778	692	-
Other borrowings and finance lease liabilities (iv)	3,158	3,152	-	3,152	-
Fair value hedges – liabilities (ii)	87	87	-	87	-
Other derivative instruments – liabilities (ii)	344	344	-	344	-
Put options granted to owners of non-controlling interests (v)	382	382	186	-	195

(i) The fair value of available-for-sale financial assets is generally measured using standard valuation techniques. If their fair value cannot be determined reliably, they are not included in this note.
(ii) Derivative financial instruments are valued (internally or externally) on the basis of the widely used valuation techniques for this type of instruments. 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.
(iii) The fair value of bonds is based on the latest quoted price on the reporting date.
(iv) 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.
(v) 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 profit multiples.

11.5 Financial risk management objectives and policies

The main risks associated with the Group's financial instruments are market risks (foreign currency risk, interest rate risk and equity risk), counterparty risk and liquidity risk.

Financial risk monitoring and management is the responsibility of the Corporate Finance department, which is part of the Group Finance department. This team manages all financial exposures in coordination with the finance departments of the Group's main subsidiaries and reports to executive management. It has issued a Good Financial Practice Guide governing all financing, investment and hedging transactions carried out by Group entities.

The Group manages its exposure to interest rate risks and foreign currency risks using derivative financial instruments such as interest rate swaps and options (caps, floors, swaptions), currency swaps, forward currency contracts and currency options. These instruments are mainly over-the-counter instruments contracted with first-class bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting. However, like many other large corporates, the Group may take very small, strictly controlled speculative positions as part of its hedging policy, for more dynamic and flexible management of its interest rate and currency exposures.

11.5.1 Breakdown of derivative financial instruments

The table below shows a breakdown of derivative financial instruments by type of hedged risk and accounting classification:

(€ millions)	Note	2017	Interest rate risk	Foreign currency risk	Other market risks	2016
Derivatives – assets						
Derivatives at fair value through profit or loss	6.8.1 - 6.9	**-**	**-**	**-**	**-**	15
Cash flow hedges	6.8.1	**-**	**-**	**-**	**-**	21
Fair value hedges	6.8.1 - 6.9 - 11.2	**98**	**95**	**2**	**-**	291
Total derivatives – assets		***98***	***95***	***2***	***-***	**326**
of which non-current		***94***	***91***	***2***	***-***	*269*
of which current		***4***	***4***	***-***	***-***	*57*
Derivatives – liabilities						
Derivatives at fair value through profit or loss	6.10	**260**	**-**	**-**	**260**	343
Cash flow hedges	6.10	**17**	**-**	**17**	**-**	1
Fair value hedges	11.2	**32**	**12**	**20**	**-**	87
Total derivatives – liabilities		***309***	***12***	***37***	***260***	**431**
of which non-current		***270***	***10***	***1***	***260***	*369*
of which current		***39***	***2***	***37***	***-***	*62*

As at 31 December 2017, derivatives held as fair value hedges (on a notional amount of €5,304 million) had a positive net fair value of €65 million. The total included (i) interest rate hedges in France on a notional amount of €4,472 million with a positive fair value of €83 million and (ii) currency and interest rate hedges in Brazil (on a notional amount of €219 million) with a negative fair value of €14 million and Colombia (on a notional amount of €401 million) with a negative fair value of €4 million. All the currency and interest rate derivatives are backed by bank borrowings or bonds denominated in a currency other than the borrower entity's functional currency. The ineffective portion of these fair value hedges is not material.

As at 31 December 2017, the cash flow hedge reserve included in equity had a debit balance of €16 million (31 December 2016: credit balance of €11 million). These derivatives concern operations in France, and Colombia. In France, they hedge goods purchases billed in currencies other than the euro (mainly the US dollar). Their notional amount as at 31 December 2017 was USD 307 million (€256 million – Note 11.5.2). In Colombia, the notional amount hedged by the derivatives is €55 million. Moreover, the Colombian subsidiary Éxito applies cash flow hedge accounting regarding the hedging of interest rates on variable rate borrowings for a notional amount of €390 million at 31 December 2017. The ineffective portion of these cash flow hedges is not material.

Derivative instruments that do not qualify for hedge accounting under IAS 39 had a negative fair value of €260 million at 31 December 2017 (31 December 2016: negative fair value of €328 million) including TRSs and forward contracts with a negative fair value of €260 million (31 December 2016: negative fair value of €343 million) (Note 11.3.2).

The fair value calculation as at 31 December 2017 takes into account the credit valuation adjustment (CVA) and the debit valuation adjustment (DVA) in accordance with IFRS 13. The impact of these adjustments is not material.

11.5.2 Market risk

INTEREST RATE RISK

The Group's objective is to manage its exposure to the risk of interest rate changes and optimise its financing cost. Its strategy therefore consists of dynamic debt management by monitoring and, where necessary, adjusting its hedging ratio based on forecast trends in interest rates.

Various derivative instruments are used to manage interest rate risks. The main instruments are interest rate swaps and options (caps, floors, swaptions). Group financial policy consists of managing finance costs by combining variable and fixed-rate derivative instruments. These instruments do not always qualify for hedge accounting; however all interest-rate instruments are contracted in line with the above risk management policy.

Specifically, Casino, Guichard-Perrachon's debt is mainly composed of fixed-rate bonds (representing a principal amount of €5,614 million as at 31 December 2017 – Note 11.2.3). This bond debt may be hedged through fixed-to-variable rate swaps generally contracted at the issue date; all of these hedges qualify for hedge accounting.

During 2017, the Group unwound interest rate swaps hedging the bonds that were bought back and cancelled during the year. The Group also reduced its exposure to variable interest rates by unwinding fixed-to-variable interest rate swaps as well as purchasing interest rate options (collars).
As at 31 December 2017, Casino, Guichard-Perrachon had a portfolio of 40 interest rate swaps with a dozen bank counterparties, representing variable or capped variable rate exposure of respectively €2,672 and €900 million. The swaps expire at various dates between 2019 and 2026.
As at 31 December 2017, 52% of Casino, Guichard-Perrachon's bond debt (€2,942 million) was hedged, including 36% at fixed rates (€2,042 million), 16% at capped variable rates (€900 million) and 48% at variable rates (€2,672 million).

SENSITIVITY TO A CHANGE IN INTEREST RATES

Sensitivity to rate changes is calculated as shown in the table below.

(€ millions)	Notes	31 December 2017	31 December 2016
Casino, Guichard-Perrachon variable-rate bonds (i)		**2,672**	3,022
Casino, Guichard-Perrachon capped variable-rate bonds (i)		**900**	-
Brazil variable-rate bonds (ii)	11.2.3	**753**	703
Other variable-rate borrowings and financial liabilities (iii) (iv) (v)	11.2.4	**1,682**	2,218
Finance lease liabilities	7.5	**65**	79
Total variable-rate bonds, other borrowings and financial liabilities		**6,072**	**6,021**
Cash and cash equivalents	11.1	**(3,391)**	(5,750)
Net variable-rate position		**2,681**	**272**
100-bps change in interest rates		**21**	3
Net finance costs	11.3.1	**367**	324
Impact of change on net finance costs		**5.7%**	**0.8%**

(i) Corresponding to fixed-rate bonds representing a principal amount of €5,614 million (31 December 2016: €5,981 million) (Note 11.2.3), including a principal amount of €3,572 million (31 December 2016: €3,022 million) swapped for variable rate debt, of which €900 million is hedged by interest rate options.
(ii) Principal amount.
(iii) Excluding accrued interest.
(iv) Including borrowings in Brazil originally denominated in BRL, USD or euros for BRL 1,791 million (€451 million) swapped for variable rate debt in BRL by means of cross-currency swaps where applicable (31 December 2016: BRL 2,458 million, representing €717 million).
(v) Including borrowings in Colombia originally denominated in COP or USD for COP 2,581 billion (€721 million), of which 62% swapped for variable rate debt in COP by means of cross-currency swaps where applicable (31 December 2016: COP 1,249 billion, representing €395 million, of which 44% swapped for variable rate debt).

Assuming the net debt structure and management policy are constant, a 100-bps annual increase (decrease) in rates across the yield curve would lead to a 5.7% or €21 million increase (4.9% or €18 million decrease) in finance costs. For the purposes of the analysis, all other variables, particularly exchange rates, are assumed to be constant.

Exposure to foreign currency risk

Due to its geographically diversified business base, the Group is exposed to both currency translation risk and to transaction risk on transactions denominated in currencies other than the euro.
Translation risk (or balance sheet currency risk) is the risk of an unfavourable change in the exchange rates used to translate the financial statements of subsidiaries located outside the euro zone into euros for inclusion in the consolidated financial statements adversely affecting the amounts reported in the consolidated statement of financial position and income statement, leading to a deterioration of the Group's gearing ratios.
Transaction risk is the risk of an unfavourable change in exchange rates that adversely affects a cash flow denominated in foreign currency.

The Group's policy for managing transaction risk is to hedge highly probable budgeted exposures, which mainly concern cash flows arising from purchases made in a currency other than the buyer's functional currency and particularly purchases in US dollars which are hedged using forward contracts. As a general principle, budgeted purchases are hedged using instruments with the same maturities as the underlying transactions.
Currency risks on debts denominated in a currency other than the borrower's functional currency are systematically hedged, except where the debt represents a designated and documented hedge of a net investment in a foreign operation.

The Group's net exposure based on notional amounts after hedging mainly concerns the US dollar (excluding the functional currencies of entities), as shown below:

(€ millions)	Total exposure 2017	Of which USD	Total exposure 2016
Exposed trade receivables	**(36)**	**(18)**	(18)
Exposed other financial assets	**(134)**	**(90)**	(90)
Exposes derivatives at fair value through profit or loss	**260**	**260**	343
Exposed trade payables	**187**	**164**	166
Exposed financial liabilities	**621**	**570**	881
Exposed other financial liabilities	**25**	**25**	-
Gross exposure payable/(receivable)	**923**	**911**	**1,282**
Hedged other financial assets	**-**	**-**	(15)
Hedged trade payables	**90**	**86**	72
Hedged financial liabilities	**620**	**569**	882
Net exposure payable/(receivable)	**214**	**256**	**343**
Hedges of future purchases	**256**	**256**	**276**
Exposed put options granted to owners of non-controlling interests (i)	**119**	**119**	**115**

(i) Changes in fair value of put options granted to owners of non-controlling interests (including the effect of movements in exchange rates) have no impact on profit or loss, because the puts are treated as transactions between owners and changes in their fair value are therefore recorded directly in equity (Note 3.4.1).

As at 31 December 2016, the net statement of financial position exposure of €343 million mainly concerned the US dollar.

Sensitivity of net exposure after foreign currency hedging

A 10% appreciation of the euro as at 31 December 2017 and 2016 against the foreign currencies included in the Group's exposure would lead to an increase in profit for the amounts indicated in the table below.
For the purposes of the analysis, all other variables, particularly interest rates, are assumed to be constant.

(€ millions)	2017	2016
US dollar	**26**	36
Other currencies	**(4)**	(2)
Impact on net financial income (expense)	**21**	**34**

A 10% decline in the euro against those currencies as at 31 December 2017 and 2016 would have produced the opposite effect.

Sensitivity to translation risk

A 10% appreciation of the euro compared to the Group's other main currencies would have the following impact on the translation into euros of the sales, profit and equity of subsidiaries whose functional currency is not the euro:

(€ millions)	2017		2016	
	Brazilian real	Colombian peso	Brazilian real	Colombian peso
Net sales	**(1,125)**	**(302)**	(977)	(307)
Trading profit	**(50)**	**(11)**	(28)	(16)
Net profit	**(21)**	**(1)**	63	(1)
Equity	**(649)**	**(50)**	(745)	(40)

A 10% decline in the euro against those currencies would have produced the opposite effect.
For the purposes of the analysis, all other variables are assumed to be constant.

Breakdown of cash and cash equivalents by currency

(€ millions)	2017	%	2016	%
Euro	**1,175**	**35%**	3,048	53%
US dollar	**100**	**3%**	77	1%
Brazilian real	**1,580**	**47%**	2,180	38%
Colombian peso	**468**	**14%**	367	6%
Uruguayan peso	**29**	**1%**	33	1%
Other currencies	**37**	**1%**	44	1%
Cash and cash equivalents	**3,391**	**100%**	**5,750**	**100%**

Exchange rates against the euro

Exchange rates against the euro	2017		2016	
	Closing rate	Average rate	Closing rate	Average rate
Brazilian real (BRL)	**3.9729**	**3.6054**	3.4305	3.8561
Colombian peso (COP)	**3,580.94**	**3,336.06**	3,164.89	3,375.90
Argentine peso (ARS)	**22.3333**	**18.7530**	16.7318	16.3473
Uruguayan peso (UYP)	**34.4626**	**32.3625**	30.9120	33.3198
US dollar (USD)	**1.1993**	**1.1297**	1.0541	1.1069
Polish zloty (PLN)	**4.1770**	**4.2570**	4.4103	4.3632

Equity risk

As at 31 December 2017, the Group did not hold any significant investments in any listed companies other than its listed subsidiaries or treasury shares.

The Group may use derivative instruments (e.g. total return swaps with no call option, forward contracts, puts and calls) on equities to build a synthetic exposure to the shares of its listed subsidiaries (Note 11.3.2) or a synthetic hedge of a financial exposure to a fall in stock prices. The carrying amount of these instruments corresponds to their estimated value as provided by a financial institution on the reporting date. These values take account of market data such as exchange rates, share prices and interest rates.

In addition, the Group does not hold any options or any derivatives backing its own shares. Its policy as regards cash management is to invest only in money market instruments that are not exposed to equity risk.

11.5.3 Counterparty risk

The Group is exposed to various aspects of counterparty risk through its operating activities, cash deposits and interest rate and currency hedging instruments. It monitors these risks regularly using several objective indicators, and diversifies its exposure by dealing with the least risky counterparties (based mainly on their credit ratings and their reciprocal commitments with the Group).

COUNTERPARTY RISK RELATED TO TRADE RECEIVABLES

Customer credit risk:
Group policy consists of checking the financial health of all customers applying for credit payment terms. Customer receivables are regularly monitored; consequently, the Group's exposure to bad debts is not material.

Trade receivables break down as follows by maturity:

(€ millions)	Receivables not yet due, not impaired	Past-due receivables on the reporting date, not impaired				Impaired receivables	Total
		Up to one month past due	Between one and six months past due	More than six months past due	Total		
31 December 2017	**737**	**69**	**36**	**34**	**139**	**153**	**1,029**
31 December 2016	721	79	15	26	119	117	957

The age of unimpaired past-due receivables can vary considerably depending on the type of customer, i.e. private companies, consumers or public authorities. Impairment policies are determined on an entity-by-entity basis according to customer type. As indicated above, the Group believes that its exposure to credit concentration risk is not material.

COUNTERPARTY RISK RELATED TO OTHER ASSETS

Credit risk on other financial assets – mainly comprising cash and cash equivalents, available-for-sale financial assets, loans, legal deposits paid by GPA and certain derivative financial instruments – corresponds to the risk of failure by the counterparty to fulfil its obligations. The maximum risk is limited and equal to the instruments' carrying amount. The Group's cash management policy consists of investing cash and cash equivalents with first-class counterparties and in first-class rated instruments.

11.5.4 Liquidity risk

The Group's liquidity policy is to ensure, to the extent possible, that it always has sufficient liquid assets to settle its liabilities as they fall due, in either normal or impaired market conditions.
The main methods used consist of:

- diversifying sources of financing to include capital markets, private placements, banks (confirmed and unconfirmed facilities), negotiable European commercial paper (NEU CP) programmes and discounting facilities;
- diversifying financing currencies to include the euro, the Group's other functional currencies and the US dollar;
- maintaining a level of confirmed financing facilities significantly in excess of the Group's payment obligations at all times;
- limiting the amount of annual repayments and proactively managing the repayment schedule;
- managing the average maturity of financing facilities and, where appropriate, refinancing them before they fall due.

The liquidity analysis is performed both at the Casino, Guichard-Perrachon holding company level (taking into account the cash pool operated with all French subsidiaries) and for each of the Group's international subsidiaries.

In addition, the Group has non-recourse receivables discounting programmes, with no continuing involvement in the receivables within the meaning of IFRS 7, as well as reverse factoring programmes.
As at 31 December 2017, trade payables totalling €1,636 million had been reverse factored, including €573 million in France Retail payables, €959 million in Latam Retail payables and €104 million in E-commerce payables.

Most of the Group's debt is carried by Casino, Guichard-Perrachon and is not secured by collateral or any secured assets. Financing is managed by the Corporate Finance department. The main subsidiaries (GPA, Monoprix and Éxito) also have their own financing facilities, which are not secured by collateral or any security interests in assets and are not guaranteed by Casino (except for GPA loans from BNDES totalling €11 million as at 31 December 2017 that are secured by security interests in the assets).

All subsidiaries submit weekly cash reports to the Group and all new financing facilities require prior approval from the Corporate Finance department.

As at 31 December 2017, the Group's liquidity position comprised:
- confirmed, undrawn lines of credit for a total of €3,697 million (of which €3,268 million for France);
- unrestricted cash of €3,391 million.

Casino, Guichard-Perrachon has a €9,000 million Euro medium term notes (EMTN) programme. Notes issued under the programme totalled €5,614 million as at 31 December 2017.

As at the same date, issuance under Casino, Guichard-Perrachon's €2,000 million negotiable European commercial paper (NEU CP) programme amounted to €210 million.

The Company's bond issues (other than deeply subordinated perpetual notes) have been rated BB+ with a stable outlook by Standard & Poor's since 21 March 2016 and Ba1 by Moody's since 30 November 2017. In line with the policy of rating agencies rotation, as recommended by the European regulator, Moody's Investors Service ("Moody's") has been appointed as a new rating agency of the Group. Simultaneously with Moody's appointment, the Group terminated its contract with Fitch Ratings ; since 12 January 2018, Casino, Guichard-Perrachon and its bond issues are no longer rated by Fitch.
Standard & Poor's rating downgrade from BBB- to BB+ triggered application of coupon step-up clauses providing for a 125-bps interest rate step-up on Casino, Guichard-Perrachon's bond issues in the event of the Company being rated non-investment grade by at least one of its rating agencies. The step-up was gradual : it is applicable to each bond issue as from the first annual interest period having begun after 21 March 2016. The impact on 2017 finance costs was an increase of €61 million (2016: €15 million).
The bond indentures (other than for deeply subordinated perpetual bonds) also include a step down clause providing for a return to the original interest rate if Standard & Poor's and Moody's restore Casino, Guichard-Perrachon's investment grade rating.

The Group's bank loan agreements and bond documentation include the usual *pari passu* negative pledge and cross default clauses.

Casino, Guichard-Perrachon's facility agreements generally contain a mandatory acceleration clause in the event of a change of control of the Company.

In addition, bonds issued by Casino, Guichard-Perrachon (except for two deeply subordinated perpetual bond issues) contain a discretionary acceleration clause applicable if the Company's long-term senior debt rating is downgraded to non-investment grade (or further downgraded if the rating is already non-investment grade), but only if this downgrade is due to a change of majority shareholder (i.e. if a third party other than Rallye or one of its related companies acquires more than 50% of Casino's voting rights).

CASINO, GUICHARD-PERRACHON DEBT COVENANTS

At the reporting date, Casino, Guichard-Perrachon's debt was subject to the following hard covenants to be met at each year-end:

Type of covenant	Main types of debt subject to covenant	Frequency of tests	Ratio as at 31 December 2017
Consolidated net debt (i) /Consolidated EBITDA (ii) < 3.5	▪ €1.2 billion syndicated credit line ▪ USD 750 million syndicated credit line ▪ Bilateral credit lines totalling €823 million	Annually	2.69
Consolidated net debt (i) /Consolidated EBITDA (ii) < 3.7	▪ €50 million bilateral credit line		

(i) Net debt as defined in the loan agreements may differ from net debt presented in the consolidated financial statements (Note 11.2). It corresponds to borrowings and financial liabilities including hedging instruments with a negative fair value, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and short-term financial investments, (iii) derivatives with a positive fair value classified as hedges of debt and (iv) financial assets arising from a significant disposal of non-current assets.
(ii) EBITDA (earnings before interest, taxes, depreciation and amortisation) corresponds to trading profit plus recurring net depreciation and amortisation expense.

The Group considers that it will very comfortably fulfil its covenants over the next 12 months.

Casino, Guichard-Perrachon's bonds and negotiable European commercial paper (NEU CP) issues are not subject to any financial covenants.

FINANCING OF SUBSIDIARIES SUBJECT TO COVENANTS

Most of the Group's other loan agreements – primarily concerning GPA, Éxito and Monoprix – contain hard covenants (see table below).

Subsidiary	Type of covenant	Frequency of tests	Main types of debt subject to covenant
Monoprix	Net debt/EBITDA < 2.5	Annually	▪ €370 million syndicated credit line ▪ Other confirmed credit lines totalling €200 million
GPA (i)	Net debt (ii) may not be higher than equity (iii) Consolidated net debt/EBITDA < 3.25	Quarterly/half-yearly/annually	▪ All bond issues and certain bank borrowings
Éxito	Consolidated net debt/consolidated EBITDA < 3.5	Annually	▪ Bank facilities (Note 11.2.3)

(i) All of GPA's covenants are based on consolidated indicators for the GPA sub-group.
(ii) Debt less cash, cash equivalents and receivables.
(iii) Consolidated equity (attributable to owners of the parent and non-controlling interests).

These covenants were respected as at 31 December 2017.

EXPOSURE TO LIQUIDITY RISK

The table below presents an analysis by maturity of financial liabilities as at 31 December 2017, including principal and interest and for undiscounted amounts. For derivative financial instruments, the table has been drawn up based on the contractual net cash inflows and outflows on instruments that settle on a net basis and the gross inflows and outflows on those instruments that require gross settlement. For interest rate instruments, when the amount payable or receivable is not fixed, the amount presented has been determined by reference to observed yield curves as at the reporting date.

For the TRS and forward instruments described in Note 11.3.2, the cash flows presented in the table below reflect the interest payable and the fair value of instruments as at the reporting date.

31 December 2017 (€ millions)	Maturity Due within one year	Due in one to two years	Due in two to three years	Due in three to five years	Due in more than five years	Total contractual cash flows	Carrying amount
Non-derivative financial instruments recognised in liabilities:							
Bonds and other borrowings	**1,769**	**1,687**	**1,581**	**1,864**	**3,095**	**9,997**	**8,625**
Put options granted to owners of non-controlling interests	**143**	**1**	**4**	**25**	**-**	**173**	**171**
Finance lease liabilities	**22**	**22**	**16**	**13**	**40**	**113**	**65**
Trade payables and other financial liabilities	**8,412**	**19**	**-**	**1**	**25**	**8,458**	**8,458**
Total	**10,347**	**1,729**	**1,602**	**1,904**	**3,161**	**18,742**	**17,319**
Derivative financial instruments – assets/(liabilities):							
Interest rate derivatives							
Derivative contracts - received	**19**	**6**	**-**	**-**	**-**	**25**	
Derivative contracts - paid	**(14)**	**(4)**	**-**	**-**	**-**	**(19)**	
Derivative contracts - net settled	**37**	**31**	**19**	**5**	**(13)**	**79**	
Currency derivatives							
Derivative contracts - received	**330**	**67**	**-**	**1**	**-**	**399**	
Derivative contracts - paid	**(338)**	**(69)**	**-**	**(2)**	**-**	**(408)**	
Derivative contracts - net settled	**15**	**1**	**(2)**	**-**	**-**	**13**	
Other derivative instruments							
Derivative contracts - received	**1**	**-**	**-**	**-**	**-**	**1**	
Derivative contracts - paid	**(17)**	**(13)**	**(268)**	**-**	**-**	**(298)**	
Derivative contracts - net settled	**-**	**-**	**-**	**-**	**-**	**-**	
Total	**33**	**18**	**(251)**	**5**	**(13)**	**(208)**	**(211)**

31 December 2016 (€ millions)	Maturity Due within one year	Due in one to two years	Due in two to three years	Due in three to five years	Due in more than five years	Total contractual cash flows	Carrying amount
Non-derivative financial instruments recognised in liabilities:							
Bonds and other borrowings	2,723	1,248	1,749	2,151	3,869	11,740	10,049
Put options granted to owners of non-controlling interests	340	-	-	3	44	388	382
Finance lease liabilities	24	19	19	29	50	141	79
Trade payables and other financial liabilities	8,671	48	4	5	34	8,762	8,762
Total	**11,758**	**1,315**	**1,771**	**2,188**	**3,997**	**21,030**	**19,270**
Derivative financial instruments – assets/(liabilities):							
Interest rate derivatives							
Derivative contracts - received	123	72	1	2	1	199	
Derivative contracts - paid	(126)	(67)	(1)	(2)	(1)	(197)	
Derivative contracts - net settled	54	53	51	77	22	256	
Currency derivatives							
Derivative contracts - received	232	82	-	-	-	314	
Derivative contracts - paid	(217)	(74)	-	-	-	(291)	
Derivative contracts - net settled	8	26	-	-	-	34	
Other derivative instruments							
Derivative contracts - received	-	-	-	-	-	-	
Derivative contracts - paid	(17)	(350)	-	-	-	(367)	
Derivative contracts - net settled	-	-	-	-	-	-	
Total	**57**	**(259)**	**51**	**77**	**22**	**(52)**	**(105)**

Note 12 Equity and earnings per share

Accounting principle

Equity is attributable to two categories of owner: the owners of the parent (Casino, Guichard-Perrachon shareholders) and the owners of the non-controlling interests in its subsidiaries. A non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent.

Transactions with the owners of non-controlling interests resulting in a change in the parent company's percentage interest without loss of control affect only equity as there is no change of control of the economic entity. Cash flows arising from changes in ownership interests in a fully consolidated subsidiary that do not result in a loss of control (including increases in percentage interest) are classified as cash flows from financing activities.

In the case of an acquisition of an additional interest in a fully consolidated subsidiary, the Group recognises the difference between the acquisition cost and the carrying amount of the non-controlling interests as a change in equity attributable to owners of Casino, Guichard-Perrachon. Transaction costs are also recognised in equity. The same treatment applies to transaction costs relating to disposals without loss of control. In the case of disposals of controlling interests involving a loss of control, the Group derecognises the whole of the ownership interest and, where appropriate, recognises any investment retained in the former subsidiary at its fair value. The gain or loss on the entire derecognised interest (interest sold and interest retained) is recognised in profit or loss under "Other operating income" or "Other operating expenses", which amounts to remeasuring the retained previously-held investment at fair value through profit or loss. Cash flows arising from the acquisition or loss of control of a subsidiary are classified as cash flows from investing activities.

Equity instruments and hybrid instruments

The classification of instruments issued by the Group in equity or debt depends on each instrument's specific characteristics. An instrument is deemed to be an equity instrument when the following two conditions are met:

- the instrument does not contain a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; and
- in the case of a contract that will or may be settled in the entity's own equity instruments, it is either a non-derivative that does not include a contractual obligation to deliver a variable number of the entity's own equity instruments, or it is a derivative that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Group also examines the special provisions of contracts to ensure the absence of an indirect obligation to buy back the equity instruments in cash or by delivering another financial asset or by delivering shares with a value substantially higher than the amount of cash or the other financial asset to be delivered.

In particular, instruments that are redeemable at the Group's discretion and for which the remuneration depends on the payment of a dividend are classified in equity.

When a "debt" component exists, it is measured separately and classified under "financial liabilities".

Equity transaction costs

External and qualifying internal costs directly attributable to equity transactions or transactions involving equity instruments are recorded as a deduction from equity, net of tax. All other transaction costs are recognised as an expense.

Treasury shares

Casino, Guichard-Perrachon shares purchased by the Group are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity with the result that any disposal gains or losses, net of the related tax effect, have no impact in the income statement for the period.

Options on treasury shares

Options on treasury shares are treated as derivative instruments, equity instruments or financial liabilities depending on their characteristics.
Options classified as derivatives are measured at fair value through profit or loss. Options classified as equity instruments are recorded in equity at their initial amount and changes in value are not recognised. The accounting treatment of financial liabilities is described in Note 11.

12.1 Capital management

The Group's policy is to maintain a strong capital base in order to preserve the confidence of investors, creditors and the markets while ensuring the financial headroom required to support the Group's future business development. The Group aims to continually optimise its financial structure by maintaining an optimum balance between net debt, EBITDA and equity. To this end, it may adjust the amount of dividends paid to shareholders, return part of the capital to shareholders, buy back its own shares or issue new shares. From time to time, the Group may buy back its own shares in the market. The shares are generally acquired for allocation to a liquidity contract used to make a market in the shares, or to be held for allocation under stock option plans, employee share ownership plans or free share plans for Group employees and corporate officers.

The policy objectives and management procedures are exactly the same as in previous years.

Apart from legal requirements, the Group is not subject to any external minimum capital requirements.

12.2 Share capital

As at 31 December 2017, the Company's share capital amounted to €169,825,404 and was composed of 110,996,996 ordinary shares issued and fully paid as at that date (unchanged from 31 December 2016). Ordinary shares have a par value of €1.53.
Under the shareholder authorisations given to the Board of Directors, the share capital may be increased, immediately or in the future, by up to €59 million.

12.3 Share equivalents

The Group is committed to granting free shares under various plans (Note 8.3). The Group intends to fulfil its obligations under those plans using existing shares.

12.4 Treasury shares

Treasury shares result from shareholder-approved buybacks of Casino, Guichard-Perrachon S.A. shares. As at 31 December 2017, a total of 107,735 shares were held in treasury, representing €5 million. The shares were purchased primarily for allocation upon exercise of the rights under free share plans.

In January 2005, the Group entered into a liquidity agreement with the Rothschild investment bank for a total of 700,000 Casino shares plus a contribution of €40 million in cash, in compliance with European Commission Regulation (EC) No. 2273/2003. The Group made additional contributions to the liquidity agreement of (i) €30 million on 25 September 2015 and (ii) €50 million on 28 December 2015. The 700,000 shares were subsequently cancelled by decision of the Board of Directors on 14 June 2016.

As at 31 December 2017, no Casino, Guichard-Perrachon S.A. shares were held in the liquidity account.

The cash earmarked for the liquidity agreement is invested in money market mutual funds. These funds qualify as cash equivalents and are therefore included in net cash and cash equivalents.

12.5 Deeply subordinated perpetual bonds (TSSDI)

At the beginning of 2005, the Group issued 600,000 deeply subordinated perpetual bonds (TSSDI) for a total amount of €600 million. The bonds are redeemable solely at the Group's discretion and interest payments are due only if the Group pays a dividend on its ordinary shares in the preceding 12 months. The bonds pay interest at the 10-year constant maturity swap rate plus 100 bps, capped at 9%. In 2017, the average coupon was 1.71%.

On 18 October 2013, the Group issued €750 million of perpetual hybrid bonds (7,500 bonds) on the market. The bonds are redeemable at the Group’s discretion with the first call date set for 31 January 2019. They pay a coupon of 4.87% until that date, after which the rate will be revised every five years.

Given their specific characteristics in terms of maturity and remuneration, the bonds are carried in equity for the amount of €1,350 million. Issuance costs net of tax have been recorded as a deduction from equity.

12.6 Other information on additional paid-in capital, retained earnings and reserves

12.6.1 Foreign currency translation reserves

The foreign currency translation reserve corresponds to cumulative exchange gains and losses on translating the equity of foreign subsidiaries and receivables and payables included in the Group's net investment in these subsidiaries, at the closing rate.

FOREIGN CURRENCY TRANSLATION RESERVES BY COUNTRY AS AT 31 DECEMBER 2017

(€ millions)	Attributable to owners of the parent			Attributable to non-controlling interests			Total
	1 January 2017	Movements for the year	31 December 2017	1 January 2017	Movements for the year	31 December 2017	31 December 2017
Brazil	(1,060)	(511)	**(1,571)**	(1,875)	(617)	**(2,492)**	**(4,063)**
Argentina	(144)	(12)	**(156)**	(11)	(2)	**(13)**	**(168)**
Colombia	(254)	(27)	**(282)**	(255)	(65)	**(320)**	**(602)**
Uruguay	7	(24)	**(17)**	(9)	(22)	**(31)**	**(49)**
United States	19	-	**19**	-	-	**1**	**20**
Poland	10	7	**17**	-	-	**-**	**18**
Indian Ocean	(8)	(1)	**(8)**	(3)	-	**(3)**	**(11)**
Hong Kong	1	(1)	**1**	-	-	**-**	**1**
Total foreign currency translation reserves	**(1,427)**	**(569)**	**(1,997)**	**(2,152)**	**(706)**	**(2,858)**	**(4,855)**

FOREIGN CURRENCY TRANSLATION RESERVES BY COUNTRY AS AT 31 DECEMBER 2016

(€ millions)	Attributable to owners of the parent			Attributable to non-controlling interests			Total
	1 January 2016	Movements for the year	31 December 2016	1 January 2016	Movements for the year	31 December 2016	31 December 2016
Brazil	(1,795)	735	(1,060)	(2,879)	1,005	(1,875)	(2,934)
Argentina	(139)	(5)	(144)	(2)	(9)	(11)	(154)
Colombia	(272)	18	(254)	(291)	36	(255)	(509)
Uruguay	(4)	11	7	(26)	16	(9)	(2)
United States	19	-	19	1	-	-	20
Thailand	97	(97)	-	56	(56)	-	-
Poland	15	(5)	10	-	-	-	10
Indian Ocean	(8)	-	(8)	(3)	-	(3)	(10)
Vietnam	24	(24)	-	1	(1)	-	-
Hong Kong	1	-	1	-	-	-	1
Total foreign currency translation reserves	**(2,061)**	**634**	**(1,427)**	**(3,143)**	**991**	**(2,152)**	**(3,580)**

12.6.2 Notes to the consolidated statement of comprehensive income

(€ millions)	2017	2016
Available-for-sale financial assets	**-**	**2**
Change in fair value	**-**	1
Reclassifications to profit or loss	**-**	2
Income tax (expense)/benefit	**-**	-
Cash flow hedges	**(28)**	**(2)**
Change in fair value	**(11)**	3
Reclassifications to profit or loss	**(29)**	(7)
Income tax (expense)/benefit	**12**	1
Net investment hedges	**-**	**31**
Change in fair value	**-**	-
Reclassifications to profit or loss	**-**	47
Income tax (expense)/benefit	**-**	(17)
Foreign currency translation reserves (Note 12.6.1)	**(1,276)**	**1,625**
Foreign currency translation adjustments for the year	**(1,276)**	1,534
Reclassifications to profit or loss	**-**	91
Income tax (expense)/benefit	**-**	-
Actuarial gains and losses	**(32)**	**(10)**
Actuarial gains and losses for the year	**(40)**	(10)
Income tax (expense)/benefit	**9**	-
Total	**(1,335)**	**1,646**

12.7 Non-controlling interests

The following table provides detailed information on material non-controlling interests.

(€ millions)	GPA Total GPA (i)	GPA o/w Via Varejo	Éxito(ii)	Big C Thailand	Other (iii)	Total
Country	Brazil	Brazil	Colombia	Thailand		
1 January 2016	**4,396**	**1,457**	**1,044**	**514**	**581**	**6,536**
% of ownership interests held by non-controlling interests (iv)	*67.2%*	*85.8%*	*45.2%*	*41.4%*		
% of voting rights held by non-controlling interests (iv)	*0.06%*	*37.8%*	*45.2%*	*41.4%*		
Net profit	(530)	(370)	39	10	(1)	**(482)**
Other comprehensive income (loss) (v)	1,092	358	-	(53)	(65)	**973**
Dividends paid/payable	(2)	-	(74)	-	(9)	**(85)**
Other movements (vi)	(140)	(11)	83	(470)	(426)	**(953)**
31 December 2016	**4,817**	**1,434**	**1,092**	**-**	**80**	**5,990**
% of ownership interests held by non-controlling interests (iv)	*66.8%*	*85.6%*	*44.7%*	-		
% of voting rights held by non-controlling interests (iv)	*0.06%*	*37.4%*	*44.7%*	-		
Net profit	**172**	**66**	**50**	**-**	**(22)**	**200**
Other comprehensive income (loss) (v)	**(644)**	**(230)**	**(62)**	**-**	**(3)**	**(710)**
Dividends paid/payable	**(31)**	**(11)**	**(23)**	**-**	**(15)**	**(69)**
Other movements	**11**	**1**	**43**	**-**	**8**	**62**
31 December 2017	**4,324**	**1,261**	**1,101**	**-**	**49**	**5,473**
% of ownership interests held by non-controlling interests (iv)	***66.9%***	***85.7%***	***44.7%***	**-**		
% of voting rights held by non-controlling interests (iv)	***0.06%***	***37.5%***	***44.7%***	**-**		
Average % of ownership interests held by the Group in 2017	***33.2%***	***14.4%***	***55.3%***	**-**		
% of ownership interests held by the Group as at 31 December 2017	***33.1%***	***14.3%***	***55.3%***	**-**		

(i) Including Via Varejo and Cnova (Cnova Brazil and Cdiscount) until 31 October 2016. Following the business merger between Cnova Brazil and Via Varejo and GPA's loss of control of Cnova, the Cnova businesses – consisting mainly of Cnova Brazil and Cdiscount – are presented respectively in the "Via Varejo" and "Other" columns at 31 December 2016 and 2017.
(ii) Éxito excluding GPA, including Uruguay and Argentina.
(iii) Including SCI Simonop'1 at 31 December 2017 for €66 million (31 December 2016: €66 million). Including Monoprix for €488 million as at 1 January 2016, of which €420 million corresponding to the equity component of the mandatory convertible bonds issued on 27 December 2013 to CACIB, net of issuance costs and tax and €68 million corresponding to the SCI Simonop'1 transaction.
(iv) The percentages of non-controlling interests set out in this table do not include the Group's own non-controlling interests in sub-groups.
(v) Other comprehensive income (loss) consists mainly of exchange differences arising on translation of foreign subsidiaries' financial statements.
(vi) The negative impact of €953 million in 2016 resulted mainly from the loss of control of Big C Thailand (€470 million), exercise of the call option on Monoprix mandatory convertible bonds (€419 million), acquisition of Éxito and GPA shares (€34 million), the change in value of the Disco NCI puts (€25 million) and reorganisation of the E-commerce business (€44 million), partially offset by the sale to outside investors of interests in the Viva Malls real estate trust in Colombia (€115 million).

GPA's capital consists of:
- 99,680 thousand ordinary shares with voting rights;
- 166,900 thousand preferred shares without voting rights but with the right to a preferred dividend.

Preferred shares do not carry voting rights, but instead entitle holders to the following rights and benefits: (i) a preferred right to a return of capital in the event of liquidation of the company, (ii) an annual non-cumulative preferred dividend of at least BRL 0.08 per share; (iii) a second preferred dividend equal to 10% of the dividend paid on ordinary shares, as calculated including the non-cumulative dividend referred to in point (ii).
Casino has not granted any put options to holders of non-controlling interests in GPA. Under Brazilian securities regulations, preferred shareholders have withdrawal rights enabling them to ask GPA to buy back their shares at book value (i.e. net asset value per share) following the occurrence of certain specific events. These rights are described in detail on pages 93 *et seq* of GPA's annual report for 2016 on Form 20-F.

Summarised financial information on the main subsidiaries with significant non-controlling interests

The information presented in the table below is based on the IFRS financial statements, adjusted where applicable to reflect the remeasurement at fair value on the date of acquisition or loss of control, and to align accounting policies with those applied by the Group. The amounts are shown before intragroup eliminations.

(€ millions)	GPA		Éxito (i)	
	2017	**2016**	**2017**	**2016**
Net sales	**12,379**	13,036	**4,544**	4,499
Net profit from continuing operations	**173**	-	**35**	60
Net profit from discontinued operations	**63**	(764)	**-**	-
Net profit (loss)	**235**	**(764)**	**35**	**60**
Attributable to non-controlling interests in continuing operations	***116***	-	***50***	*39*
Attributable to non-controlling interests in discontinued operations	***56***	*(530)*	***-***	-
Other comprehensive income (loss)	**(911)**	1,622	**(155)**	68
Total comprehensive income (loss) for the year	**(676)**	**858**	**(119)**	**128**
Attributable to non-controlling interests	***(472)***	*562*	***(11)***	*39*
Non-current assets	**6,995**	7,972	**3,729**	3,969
Current assets	**8,680**	9,505	**1,217**	1,237
Non-current liabilities	**(1,825)**	(2,216)	**(1,018)**	(1,249)
Current liabilities	**(7,352)**	(7,946)	**(1,745)**	(1,695)
Net assets	**6,499**	**7,313**	**2,183**	**2,261**
Attributable to non-controlling interests	***4,324***	*4,817*	***1,101***	*1,092*
Net cash from operating activities	**952**	407	**324**	406
Net cash from/(used in) investing activities	**(438)**	(207)	**(170)**	(199)
Net cash from/(used in) financing activities	**(1,015)**	(591)	**(37)**	(172)
Effect of changes in exchange rates on cash and	**(313)**	587	**(52)**	35
Change in cash and cash equivalents	**(814)**	**195**	**66**	**70**
Dividends paid to the Group (ii)	***8***	-	***16***	*48*
Dividends paid to owners of non-controlling interests during the period (ii)	***18***	*(1)*	***33***	*68*

(i) Éxito excluding GPA, including Uruguay and Argentina.
(ii) GPA and Éxito have an obligation to pay out 25% and 50% respectively of annual net profit in dividends.

12.8 Dividends

At the Annual General Meeting of 5 May 2017, the shareholders approved the payment of a €3.12 cash dividend per ordinary share for the 2016 financial year. This dividend was paid on 110,865,668 shares, representing a total payout of €173 million that was recorded as a deduction from equity (2016: payment of the 2015 dividend representing a total payout of €350 million). An interim dividend of €1.56 per share for 2016 (representing a total of €171 million) was paid in November 2016.

During its meeting on 10 November 2017, the Board of Directors decided to pay a 2017 interim dividend of €1.56 per share. The ex-dividend date for the interim dividend was 7 December 2017 and the dividend was paid on 11 December 2017. The interim dividend was paid on 110,887,560 shares, representing a total payout of €173 million recorded as a deduction from equity.

The Board of Directors will recommend setting the total 2017 dividend at €3.12 per ordinary share. Based on 110,996,996 shares as at 31 December 2017, the recommended dividend represents a provisional amount of €346 million. It will be adjusted in 2018 to take into account the treasury shares held on the payment date. The financial statements presented before appropriation of profit do not reflect this dividend, which is subject to shareholder approval at the next Annual General Meeting.

The coupon payable on deeply subordinated perpetual bonds is as follows:

(€ millions)	2017	2016
Coupons payable on deeply subordinated perpetual bonds (impact on equity)	**50**	**49**
Of which amount paid during the year	38	41
Of which amount payable in the following year	12	9
Impact on the statement of cash flows for the year	**47**	**47**
Of which coupons awarded and paid during the year	38	41
Of which interest awarded in the prior year and paid during the reporting year	9	6

12.9 Earnings per share

Accounting principle

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the period, excluding shares issued in payment of dividends and treasury shares. Diluted earnings per share are calculated by the treasury stock method, as follows:

- numerator: earnings for the period are adjusted for interest on mandatory convertible bonds and dividends on deeply subordinated perpetual bonds;
- denominator: the basic number of shares is adjusted to include potential shares corresponding to dilutive instruments (equity warrants, stock options and free shares), less the number of shares that could be bought back at market price with the proceeds from the exercise of the dilutive instruments. The market price used for the calculation corresponds to the average share price for the year.

Equity instruments that will or may be settled in Casino, Guichard-Perrachon shares are included in the calculation only when their settlement would have a dilutive impact on earnings per share.

12.9.1 Number of shares

Diluted number of shares used for the calculation		2017	2016
Weighted average number of shares outstanding during the period			
Total ordinary shares		**110,996,996**	112,352,914
Ordinary shares held in treasury		**(262,622)**	(1,167,864)
Weighted average number of ordinary shares before dilution	**(1)**	**110,734,374**	**111,185,050**
Potential shares represented by:			
Stock options		**-**	-
Non-dilutive instruments (out of the money or covered by calls)		**-**	-
Weighted average number of dilutive instruments		**-**	**-**
Theoretical number of shares purchased at market price		**-**	-
Dilutive effect of stock option plans		**-**	-
Free share plans		**-**	-
Total potential dilutive shares		**-**	-
Total diluted number of shares	**(2)**	**110,734,374**	**111,185,050**

12.9.2 Profit attributable to ordinary shares

(€ millions)		2017			2016		
		Continuing operations	Discontinued operations (*)	Total	Continuing operations	Discontinued operations (i)	Total
Net profit attributable to owners of the parent		**127**	**(7)**	**120**	**33**	**2,645**	**2,679**
Dividend payable on deeply subordinated perpetual bonds		**(50)**	**-**	**(50)**	(49)	-	(49)
Net profit attributable to holders of ordinary shares	**(3)**	**77**	**(7)**	**70**	**(16)**	**2,645**	**2,629**
Net profit excluding non-controlling interests attributable to Monoprix mandatory convertible bonds		**-**	**-**	**-**	(6)	-	(6)
Diluted net profit attributable to holders of ordinary shares	**(4)**	**77**	**(7)**	**70**	**(22)**	**2,645**	**2,623**
Basic earnings per share attributable to owners of the parent (€)	**(3)/(1)**	**0.70**	**(0.06)**	**0.63**	**(0.14)**	**23.79**	**23.65**
Diluted earnings per share attributable to owners of the parent (€)	**(4)/(1)**	**0.70**	**(0.06)**	**0.63**	**(0.20)**	**23.79**	**23.59**

(*) Note 3.5.2.

Note 13 Other provisions

Accounting principle

A provision is recorded when the Group has a present obligation (legal or constructive) as a result of a past event, the amount of the obligation can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted when the related adjustment is material.
In accordance with the above principle, a provision is recorded for the cost of repairing equipment sold with a warranty. The provision represents the estimated cost of repairs to be performed during the warranty period, as estimated on the basis of actual costs incurred in prior years. Each year, part of the provision is reversed to offset the actual repair costs recognised in expenses.

A provision for restructuring expenses is recorded when the Group has a constructive obligation to restructure. This is the case when management has drawn up a detailed, formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to them before the period-end.

Other provisions concern specifically identified liabilities and expenses.

Contingent liabilities correspond to possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control, or present obligations whose settlement is not expected to require an outflow of resources embodying economic benefits. Contingent liabilities are not recognised in the statement of financial position but are disclosed in the Notes to the financial statements.

13.1 Breakdown of provisions and movements

(€ millions)	1 January 2017	Additions for 2017	Reversals (used) 2017	Reversals (not used) 2017	Change in scope of consolida-tion	Effect of movements in exchange rates	Other	31 December 2017
Claims and litigation	628	154 (i)	(51) (ii)	(127) (iii)	-	(77)	4	**530**
Other risks and expenses	121	53	(22)	(28)	1	(1)	(5)	**118**
Restructuring	29	29	(30)	(1)	-	-	1	**27**
Total provisions	**778**	**236**	**(103)**	**(157)**	**-**	**(78)**	**-**	**676**
of which non-current	*615*	*134*	*(43)*	*(120)*	-	*(77)*	*4*	***514***
of which current	*163*	*101*	*(60)*	*(38)*	-	*(1)*	*(4)*	***162***

(i) The €154 million addition mainly concerns provisions for new tax disputes, civil litigation and employee disputes at GPA.
(ii) Provisions used during the year (€51 million) mainly concern GPA and relate to the new tax amnesty programme (Note 13.3).
(iii) Unused provisions reversed during the year (€127 million) primarily concern GPA and notably reflect favourable developments in the dispute regarding the exclusion of the ICMS tax from the PIS and COFINS tax base (Note 13.3).

Provisions for claims and litigation, and for other risks and expenses are composed of a wide variety of provisions for employee-related disputes, property disputes (concerning construction or refurbishment work, rents, tenant evictions, etc.), tax disputes and business claims (trademark infringement, etc.).

Provisions for claims and litigation amount to €530 million and mainly concern GPA (Note 13.2).

13.2 Breakdown of GPA provisions for claims and litigation (excluding Via Varejo)

(€ millions)	PIS/COFINS/CPMF disputes (i)	Other tax disputes	Employee disputes	Civil litigation	Total
31 December 2017	**32**	**324**	**83**	**35**	**475**
31 December 2016	43	402	88	41	**575**

(i) VAT and similar taxes.

In the dispute presented above and below in Note 13.3, GPA Food is contesting the payment of certain taxes, contributions and payroll obligations. The bonds posted by GPA pending final rulings from the administrative courts on these various disputes are included in “Other non-current assets” (Note 6.9). GPA has also provided various guarantees in addition to these bonds, reported as off-balance sheet commitments (Note 6.11).

(€ millions)	2017			2016		
	Bonds posted by GPA (i)	Assets pledged as collateral (ii)	Bank guarantees (ii)	Bonds posted by GPA (i)	Assets pledged as collateral (ii)	Bank guarantees (ii)
Tax disputes	**51**	**216**	**1,843**	53	248	2,002
Employee disputes	**119**	**1**	**23**	121	1	8
Civil and other litigation	**21**	**2**	**70**	19	3	48
Total	**192**	**218**	**1,937**	**193**	**252**	**2,057**

(i) See Note 6.9.
(ii) See Note 6.11.1.

13.3 Contingent assets and liabilities

In the normal course of its business, the Group is involved in a number of legal or arbitration proceedings with third parties or with the tax authorities in certain countries (of which mainly GPA – see below – and France Retail concerning tax disputes representing a risk of €36 million.

In addition to contingent liabilities mentioned below, the Group is under two prosecutions by the DGCCRF as described in note 2.

As stated in Note 3.3.5, no associates or joint ventures have any significant contingent liabilities.

- **Defence proceedings initiated by the sellers of a controlling interest in Globex Utilidades SA**

On 14 August 2015, GPA and Wilkes were jointly ordered by an international court of arbitration to pay compensation to the former majority shareholder of Globex Utilidades SA – Morzan Empreendimentos – in settlement of a dispute that arose in connection with the acquisition of a controlling interest in this company, now named Via Varejo SA. The total cost of €113 million, including interest and legal fees, was shared equally between GPA and Wilkes, GPA’s holding company, and was reported under “Other operating expenses” in the 2015 income statement. The compensation was paid on 1 April 2016.
On 17 November 2015, GPA and Wilkes brought an action for annulment (without suspensive effect) before the Paris Court of Appeal, whose ruling is not expected before the second semester of 2018.

On 25 October 2016, Brazil’s securities regulator (CVM) ordered GPA to also pay compensation to Globex Utilidades SA’s other shareholders, in an amount corresponding to 80% of the compensation paid to Morzan Empreendimentos. Based on a preliminary analysis by GPA, the compensation payable would have amounted to approximately BRL150 million (€44 million). GPA appealed the CVM’s decision and obtained a stay of payment of the compensation, estimated at BRL 150 million (€38 million). On 3 October 2017, the CVM”s review board examined GPA’s appeal and unanimously decided to amend the original decision. Based on the review board’s final decision, this matter is closed.

- **Class action against Cnova N.V. and the Group**

Some of the officers and directors of Cnova N.V. and the underwriters of its IPO have been named in a class action before the United States District Court for the Southern District of New York alleging a breach of United States securities laws. The lawsuit claims that misleading information was issued at the time of the IPO concerning the macro-economic situation in Brazil and the irregularities uncovered at Cnova Brazil. On 11 October 2017, the United States District Court for the Southern District of New York announced its preliminary approval of the proposed settlement of this class action. In application of the proposed settlement agreement, a USD 28.5 million (€24 million) compensation fund has been set up (Note 11.1) to settle the claims of the (former) Cnova shareholders and pay the plaintiffs' legal fees. A small part of the total amount will be used to cover the administrative costs involved in managing these payments. Most of the USD 28.5 million has been put up by Cnova's insurers. The balance, including the insurance deductible and legal fees, is covered by the provision set aside by Cnova in its 2016 accounts. Consequently, the settlement should not have any impact on the Group's net profit. The debt towards the plaintiffs is reported in "Other liabilities" in the amount of €24 million. Final approval of the settlement agreement is expected to be issued on 15 March 2018.
In a potential separate case, the SEC could fine Cnova N.V. following an analysis of the facts uncovered during the internal investigation carried out by Cnova, its lawyers and consultants that was completed at the end of the first half of 2016.

- **Notification issued by Brazil's securities regulator (CVM) to Via Varejo and GPA**

On 18 February 2016, Via Varejo received a notification from CVM expressing its disagreement with the accounting treatment of two transactions carried out in 2013. The first concerned the acquisition by GPA from Via Varejo of 6.2% of the capital of Nova Pontocom (a transaction that had no impact on the Group's consolidated financial statements) and the second concerned the takeover of Bartira following acquisition of 75% of the shares. GPA and Via Varejo contested the CVM's interpretation and their position concerning the Bartira transaction was initially accepted on 26 January 2017. However, on 20 April 2017, CVM confirmed its original decision regarding Via Varejo and GPA's accounting treatment of the Bartira transaction. This matter has no impact on the consolidated financial statements as at 31 December 2017.

- **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 lease contracts have a duration of 20 years since 2005 and are automatically renewable for another 20 year period.
Casino and GPA management consider that there is no basis to the demands of Peninsula, and are confident as to the outcome of the arbitration.

- **GPA fiscal, social and civil contingent liabilities**

(€ millions)	31 December 2017	31 December 2016
INSS (employer's social security contributions)	**98**	106
IRPJ – IRRF and CSLL (corporate income taxes)	**208**	307
PIS, COFINS and CPMF (VAT and similar taxes)	**429**	624
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	**38**	48
ICMS (state VAT)	**1,457**	1,612
Civil litigation	**140**	210
Total (i)	**2,371**	**2,907**

(i) Contingent liabilities of Via Varejo classified in discontinued operations and not included in the above table amount to €407 million as at 31 December 2017 (31 December 2016: €433 million).

The €536 million decrease includes the €397 million translation adjustment and €103 million in contingent liabilities cancelled under the tax amnesty programme.
The tax amnesty programme concerned (i) PIS & COFINS tax on purchases and sales of soya; (ii) the disallowed PIS & COFINS and IRPJ tax offsets, (iii) other taxes that were previously considered to be potentially due (mainly the CPMF tax) and (iv) ICMS taxes levied by the São Paulo state tax administration. A net expense of BRL 218 million (€60 million) was recorded upon joining the tax amnesty programmes (see Note 6.5). This amount is stated net of the taxes waived under the amnesty.

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. As at 31 December 2017, the estimated amount was €40 million (31 December 2016: €36 million).

Moreover, GPA has given a specific guarantee to its Brazilian subsidiary concerning notifications of tax adjustments received from the tax administration, for a total amount of BRL 1,223 million at 31 December 2017, interest and penalties included, and for which Casino has committed to indemnify GPA by 50% of the loss that GPA would incur, provided that the amount is final. Based on the commitment given by Casino to its subsidiary, the risk exposition amounts to BRL 611 million (€154 million). The underlying risks are considered possible; as such, no provision was recorded in the accounts.

- **GPA contingent assets**

<u>Exclusion of ICMS from the PIS/COFINS tax base:</u>

Since the introduction of non-cumulative PIS and COFINS tax credits, GPA has asserted the right to deduct ICMS tax from the base used to calculate PIS and COFINS taxes. GPA's position was supported by a Brazilian federal supreme court (STF) ruling on 15 March 2017 that the ICMS tax should be excluded from the PIS and COFINS tax base. Based on the STF's ruling and the opinion of its internal and external advisors, GPA believes that the probability of having to settle the amounts deducted in prior periods is low. It has therefore released the corresponding provisions set up in prior periods for an amount of BRL 117 million (€32 million).
The STF's ruling has not yet been published and the court has yet to decide on the practical aspects of its application and the retrospective effects of its decision. GPA and its advisors believe that, once known, these details will not affect its rights under the proceedings initiated since 2003 and still in progress. However, it is nevertheless not possible to recognise any tax asset for as long as the proceedings are not closed. Based on a preliminary estimate, GPA believes that the potential asset represents between BRL 1.3 billion and BRL 1.85 billion (€327 million and €466 million) for continuing operations other than the cash & carry business for which the estimate has not yet been finalised.

In the case of Via Varejo, which is classified as a discontinued operation, the estimated potential tax asset amounts to around BRL 1.4 billion (€348 million), including an additional amount of BRL 425 million (€107 million) that will be owed exclusively to GPA.

Note 14 Related-party transactions

Related parties are:
- parent companies (mainly Rallye, Foncière Euris, Finatis and Euris);
- entities that exercise joint control or significant influence over the Company;
- subsidiaries (Note 17);
- associates (primarily Mercialys) (Note 3.3);
- joint ventures (Note 3.3);
- members of the Board of Directors and Management Committee (Note 8.4).

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Company and its subsidiaries receive strategic advice from Euris, the ultimate holding company, under strategic advice and assistance agreements. The Company also receives other recurring services from Euris and Foncière Euris (provision of staff and premises). The expenses recorded during the year in respect of these agreements with Casino and its subsidiaries totalled €3.7 million, of which €3.2 million for strategic advisory services and €0.5 million for the provision of staff and premises.

The Group recorded a €12 million positive contribution to EBITDA corresponding to the settlement of property development transactions begun in prior years with Foncière Euris.

In connection with the deployment of its dual model combining retail and commercial real estate activities, Casino and its subsidiaries are involved in a number of property development operations with Mercialys (Note 3.3.6).

Related party transactions with individuals (directors, corporate officers and members of their families) are not material.

Note 15 Subsequent events

- **Bond issue**

On 24 January 2018, Casino placed a €200 million tap of its 1.49% bond issue due June 2022, raising the total amount from €550 million to €750 million.

- **Negotiations with Sarenza**

On 19 February, Monoprix announced that it was in exclusive negotiations to acquire Sarenza, the leading on-line footwear retailer.

Note 16 Statutory Auditors' fees

Statutory auditors' fees for the year ended 31 December 2017 (in € thousands)	EY	Deloitte
Audit of statutory and consolidated accounts and limited review	6,145	4,386
Services other than audit of accounts	726	186
TOTAL	**6,871**	**4,572**

Services other than audit of accounts by the auditors to Casino, Guichard-Perrachon, consolidating entities, and to its subsidiaries, correspond mostly to procedures related to the issuance of certificates and reports on agreed-upon procedures regarding data issued from the accounting records, or regarding internal control.

Note 17 Main consolidated companies

As at 31 December 2017, the Casino Group comprised 1,755 consolidated companies. The main companies are listed below.

	2017			2016		
Company	**% control**	**% interest**	**Consolidation method**	**% control**	**% interest**	**Consolidation method**
Casino, Guichard-Perrachon SA			**Parent company**			**Parent company**
France - Retailing						
Achats Marchandises Casino (AMC)	100	100	FC	100	100	FC
Casino Carburants	100	100	FC	100	100	FC
Casino Services	100	100	FC	100	100	FC
CD Supply Innovation	50	50	EM	-	-	-
Distribution Casino France (DCF)	100	100	FC	100	100	FC
Distridyn	49.99	49.99	EM	49.99	49.99	EM
Easydis	100	100	FC	100	100	FC
Floréal	100	100	FC	100	100	FC
Geimex	100	100	FC	100	100	FC
Intermarché Casino Achats (INCAA)	50	50	EM	50	50	EM
Monoprix Group						
Monoprix	100	100	FC	100	100	FC
Les Galeries de la Croisette	100	100	FC	100	100	FC
Monoprix Exploitation	100	100	FC	100	100	FC
Monop'	100	100	FC	100	100	FC
Naturalia France	100	100	FC	100	100	FC
Simonop'1	100	51	FC	100	51	FC
Société Auxiliaire de Manutention Accélérée de Denrées Alimentaires "S.A.M.A.D.A."	100	100	FC	100	100	FC
Société L.R.M.D.	100	100	FC	100	100	FC
Franprix-Leader Price Group						
Cofilead	100	100	FC	100	100	FC
DBMH	100	100	FC	100	100	FC
Distribution Franprix	100	100	FC	100	100	FC
Distribution Leader Price	100	100	FC	100	100	FC
Distri Sud-Ouest (DSO)	100	100	FC	100	100	FC
Franprix Holding	100	100	FC	100	100	FC
Franprix-Leader Price	100	100	FC	100	100	FC
Franprix-Leader Price Finance	100	100	FC	100	100	FC
HLP Ouest	70	70	FC	70	70	FC
Holding Mag 2	49	49	EM	49	49	EM
Holdi Mag	49	49	EM	49	49	EM
Holdev Mag	49	49	EM	49	49	EM
Gesdis	40	40	EM	40	40	EM
Leader Price Exploitation	100	100	FC	100	100	FC
NFL Distribution	100	100	FC	100	100	FC
Parfidis	100	100	FC	100	100	FC
Pro Distribution	70	70	FC	70	70	FC
R.L.P. Invest	100	100	FC	100	100	FC
Sarjel	100	100	FC	60	60	FC
Sédifrais	100	100	FC	100	100	FC

Sofigep	100	100	FC	100	100	FC

		2017			2016		
Company		**% control**	**% interest**	**Consolidation method**	**% control**	**% interest**	**Consolidation method**
Codim Group							
Codim 2		100	100	FC	100	100	FC
Hyper Rocade 2		100	100	FC	100	100	FC
Pacam 2		100	100	FC	100	100	FC
Poretta 2		100	100	FC	100	100	FC
Prodis 2		100	100	FC	100	100	FC
Property Group							
GreenYellow		97.52	97.52	FC	98.75	98.75	FC
L'immobilière Groupe Casino		100	100	FC	100	100	FC
Sudéco		100	100	FC	100	100	FC
Uranie		100	100	FC	100	100	FC
Mercialys Group							
Mercialys (listed company)		**40.24**	**40.24**	**EM**	**40.22**	**40.22**	**EM**
Property development							
Plouescadis		100	100	FC	100	100	FC
Other businesses							
Banque du Groupe Casino		50	50	EM	50	50	EM
Casino Finance		100	100	FC	100	100	FC
Casino Restauration		100	100	FC	100	100	FC
Restauration Collective Casino		100	100	FC	100	100	FC
E-commerce							
Cnova N.V. Group (listed company)		**99.46**	**76.11**	**FC**	**93.70**	**66.84**	**FC**
Cdiscount Group		100	76.11	FC	100	66.84	FC
Cdiscount		100	76.19	FC	100	66.95	FC
International – Poland							
Mayland Real Estate		100	100	FC	100	100	FC
International – Brazil							
Wilkes		100	77.65	FC	100	75.5	FC
GPA Group (listed company)		**99.94**	**33.12**	**FC**	**99.94**	**33.18**	**FC**
Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento (FIC)	(i) (iii)	50	41.93	EM	50	41.93	EM
GPA Malls & Properties Gestão de Ativos e Serviços. Imobiliários Ltda. (GPA M&P)	(i)	100	100	FC	100	100	FC
Novasoc Comercial Ltda. (Novasoc)	(i) (ii)	100	100	FC	99.98	10	FC
Sendas Distribuidora S.A. (Sendas)	(i)	100	100	FC	100	100	FC
Via Varejo (listed company)	**(i)**	**62.53**	**43.31**	**FC**	**62.56**	**43.34**	**FC**
Banco Investcred Unibanco S.A. (BINV)	(i) (iii) (vi)	50	21.65	EM	50	21.67	EM
Indústria de Móveis Bartira Ltda. (Bartira)	(iv) (vi)	100	100	FC	100	100	FC
C'nova Comercio Electronico	(iv) (vi)	100	100	FC	100	100	FC

		2017			2016		
Company		**% control**	**% interest**	**Consolidation method**	**% control**	**% interest**	**Consolidation method**
International – Colombia, Uruguay and Argentina							
Éxito Group (listed company)		**55.30**	**55.30**	**FC**	**55.30**	**55.30**	**FC**
Distribuidora de Textiles y Confecciones SA DIDETEXCO	(v)	97.75	97.75	FC	97.75	97.75	FC
Viva Malls Trust	(v) (vii)	51	51	FC	51	51	FC
Viva Villavincencio Trust	(v)	51	51	FC	51	51	FC
Logistica y transporte de Servicios S.A.S	(v)	100	100	FC	100	100	FC
Tuya SA	(v)	50	50	EM	50	50	EM
Grupo Disco (Uruguay)	(v)	75.10	62.49	FC	75.10	62.49	FC
Devoto (Uruguay)	(v)	100	100	FC	100	100	FC
Libertad (Argentina)	(v)	100	100	FC	100	100	FC
International – Indian Ocean							
Vindémia Distribution		100	99.98	FC	100	99.98	FC
Vindémia Logistique		100	100	FC	100	100	FC
BDM (Mayotte)		71.44	71.44	FC	71.44	71.44	FC
SOMAGS (Mauritius)		100	100	FC	100	100	FC
French and international holding companies							
Bergsaar BV		100	100	FC	100	100	FC
Casino Finance International		100	100	FC	100	100	FC
Casino International		100	100	FC	100	100	FC
Forézienne de participations		100	100	FC	100	100	FC
Géant Foncière BV		100	100	FC	100	100	FC
Géant Holding BV		100	100	FC	100	100	FC
Géant International BV		100	100	FC	100	100	FC
Gelase		100	55.30	FC	100	55.30	FC
Helicco		100	100	FC	100	100	FC
Intexa (listed company)		**98.91**	**97.91**	**FC**	**98.91**	**97.91**	**FC**
Marushka Holding BV		100	100	FC	100	100	FC
Ségisor SA		100	77.65	FC	100	77.65	FC
Sonnat		100	100	FC	100	100	FC
Tevir SA		100	100	FC	100	100	FC
Tonquin BV		100	100	FC	100	100	FC

(i) The percentage interests correspond to the percentages held by the GPA sub-group.

(ii) In 2016, although GPA only owned 10% of Novasoc, it was fully consolidated as GPA controlled 99.98% of the voting rights under the shareholders' agreement.

(iii) FIC and BINV finance purchases made by GPA's customers. These entities were created through a partnership between Banco Itaú Unibanco S.A ("Itaú Unibanco"), GPA, and Via Varejo. They are accounted for by the equity method as GPA exercises significant influence over their operating and financial policies. Via Varejo's 14.24% share of FIC's net assets has been classified as held for sale in accordance with IFRS 5. BINV is a Via Varejo joint venture and has been classified in full as held for sale.

(iv) The percentage interests correspond to the percentages held by the Via Varejo sub-group.

(v) The percentage interests correspond to the percentages held by the Éxito sub-group. On 27 April 2015, Éxito signed a contractual agreement, initially with a two-year term, granting it more than 75% of the Disco voting rights and exclusive control over the sub-group's strategic decisions. On 29 December 2016, the agreement was extended until 30 June 2019. It will then be rolled over automatically until 30 June 2021 unless either party gives notice of its intention to withdraw from the agreement before 31 December 2018.

(vi) Via Varejo's main subsidiaries and joint ventures are Cnova Comercio Electronico, BINV and Bartira. The entire sub-group has been classified as held for sale in accordance with IFRS 5.

(vii) The trust's governance is specified in the agreement between the parties. Éxito is the majority partner and FIC has rights with respect to certain Viva Malls business decisions concerning such matters as acquisitions and disposals in excess of a certain amount or the method of setting budgets and business plan targets. The agreement also states that Éxito is the sole provider of property management, administrative and marketing services for Viva Malls and that it is paid an arm's length fee for these services. A review of the substance of FIC's rights under the agreement confirms that their effect is solely to protect FIC's investment and that, consequently, Viva Malls is controlled by Éxito.

Note 18 Standards, amendments and interpretations published but not yet mandatory

Standards, amendments and interpretations adopted by the European Union as at the reporting date but not yet mandatory

The IASB has published the following standards, amendments to existing standards and interpretations, adopted by the European Union but not mandatory as at 1 January 2017.

IFRS 9 – Financial instruments
IFRS 9 – Financial Instruments published by the IASB in July 2014 and adopted by the European Union on 29 November 2016, will replace IAS 39 – Financial Instruments as from 1 January 2018. IFRS 9 defines new principles covering the classification and measurement of financial instruments, the recognition of impairment provisions for credit risk on financial assets and hedge accounting. . Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.
The Group plans to adopt IFRS 9 as from 1 January 2018 and does not expect to restate comparative information, except possibly for the recognition of forward points on foreign currency hedges. The three main aspects addressed in IFRS 9 were analysed in 2017. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements and, to a lesser extent, the effect of debt modifications. The Group expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Group will implement changes in classification of certain financial instruments.

(a) Classification and measurement of financial assets and liabilities
The standard requires financial assets to be classified as measured at (i) amortised cost, or (ii) fair value through other comprehensive income or (iii) fair value through profit or loss. The choice of classification is generally based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. These classifications replace the categories in IAS 39 (held-to-maturity investments – a category not used by the Group –, loans and receivables, and available-for-sale financial assets). Except for consumer finance receivables and debt modifications, application of the new classifications is not expected to have any material impact :

- Credit card receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. They will therefore be measured at fair value through other comprehensive income and the cumulative gain or loss previously recognised in other comprehensive income will be reclassified from equity to profit or loss when the receivables are derecognised or reclassified. The main identified impact of this accounting treatment concerns GPA and, more specifically, its Via Varejo subsidiary which is classified as held for sale.
- IFRS 9 also modifies the accounting treatment of debt renegotiations that do not lead to derecognition of the original debt. A renegotiated debt continues to be measured at the original effective interest rate and the gain or loss resulting from the renegotiation is recognised immediately in profit or loss. Under IAS 39 the accounting treatment consisted of recognising the interest saving or additional interest cost resulting from the renegotiation over the remaining life of the renegotiated debt, by prospectively adjusting its effective interest rate. Under this method, the carrying amount of the debt is not modified on the renegotiation date.

(b) Impairment of financial assets
IFRS 9 replaces the "incurred loss" model under IAS 39 with the "expected credit loss" model. The new model is applicable to assets at amortised cost, contract assets, debt instruments at fair value through other comprehensive income and financial guarantees, but not to investments in equity instruments.
The Group expects to use primarily the simplified approach to measuring expected credit losses, in particular related to receivables from franchisees, deferred payment receivables and receivables from rentals.

(c) Hedge accounting
The Group will apply the new general hedge accounting requirements in IFRS 9. These include ensuring that hedging relationships are consistent with its risk management objectives and strategy, and placing greater emphasis on qualitative and forward-looking tests of hedge effectiveness. The analysis performed by the Group has confirmed that its current hedging relationships will continue to qualify for hedge accounting under IFRS 9. Application of the new hedge accounting requirements in IFRS 9 is not expected to have any material impact.

In addition to the impacts described above, other adjustments may also have to be made to the accounts upon adoption of IFRS 9, concerning for example deferred taxes and investments in associates and joint ventures (such as Banque du Groupe Casino).

IFRS 15 – Revenue from contracts with customers
On 29 October 2016, the European Union adopted IFRS 15 – Revenue from Contracts with Customers, which is applicable as from 1 January 2018. The Group has not elected to early-adopt this standard.
IFRS 15 defines the principles for recognising revenue and will replace the standards IAS 18 – Revenue and IAS 11 – Construction contracts and all related interpretations. Its scope covers all contracts made with customers, except for leases (rental and sub-rental revenue), financial instruments (interest income) and insurance contracts, which are under the scope of other standards.
IFRS 15 defines a unique model for recognising revenue, in five steps. It introduces new concepts and principles regarding the recognition of revenue, in particular the identification of performance obligations and allocation of the transaction price for contracts with multiple performance obligations. It also includes new disclosure requirements.
The various revenue sources have been analysed in detail and the effects of applying IFRS 15 to revenue recognition as from 1 January 2018 are expected to be limited given the nature of the Group's business. The vast majority of the Group's revenue originates from sales to final clients made in stores and gas stations; those sales include no other performance obligations and the related revenue is recognised at checkout.
IFRS 15 will be applied retrospectively to facilitate year-on-year comparisons.

IFRS 16 – Leases
The adoption of IFRS 16, which will replace IAS 17 and related interpretations, will affect primarily the accounting for the operating leases on the Group's stores and warehouses and will result in the recognition of almost all leases on-balance sheet. An optional exemption exists for short-term leases and leases on low-value assets. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability representative of discounted future rentals for virtually all lease contracts. Operating lease expense will be replaced with interest expense and depreciation, so key metrics like trading profit and EBITDA will change. The Group believes that consolidated net profit will also be affected because the total rental expense is generally higher at the beginning of the lease and decreases over time, unlike a straight-line charge under the current standard. Additionally, net cash from operating activities will be higher as cash payments for the principal portion of the lease liability and the related interest will be classified as cash flows from financing activities.

The Group is continuing to assess the potential impact on its financial information. As at 31 December 2017, off-balance sheet non-cancellable operating lease commitments (property and equipment) amounted to €2,726 million (Note 7.2), corresponding mainly to leased store and warehouse properties used in the business. The assessment of the new standard's impact is still at any early stage, and the Group has not yet determined to what the extent operating lease renewal or termination options (particularly the three-yearly right to terminate commercial leases in France and the possibility to terminate lease arrangements in Brazil in exchange for a penalty of one to twelve months' rent) will affect the recognition of an asset and a liability for future minimum lease payments and how this will affect consolidated profit and the presentation of cash flows.

Finally, the Group has not yet decided the date of first-time adoption of the standard (mandatory application no later than from 1 January 2019) or the transition method (simplified or full retrospective approach).

Standards and interpretations not adopted by the European Union as at the reporting date

The IASB has published the following standards, amendments to standards and interpretations applicable to the Group which have not yet been adopted by the European Union:

Standard (application date for the Group subject to adoption by the EU)	Description of the standard
IFRS Annual Improvements – 2014-2016 cycle (1 January 2018)	The main standard concerned is IFRS 12 – Disclosure of Interests in Other Entities. These amendments will be applicable on a retrospective basis. They clarify that IFRS 12 also applies to interests in subsidiaries, joint arrangements and associates classified as "held for sale" in accordance with IFRS 5 (except for the requirement to disclose summary financial information which does not have to be applied).
Amendments to IFRS 2 *Classification and measurement of share-based payments* (1 January 2018)	These amendments will be applicable on a prospective basis. The amendments describe the accounting treatment of: - the effects of vesting conditions and non-vesting conditions on the measurement of cash-settled share-based payments: measurement of the liability for cash-settled share-based payments follows the same approach as used for equity-settled share-based payments; - share-based payments subject to withholding tax: the share-based payment is qualified as equity-settled in its entirety (including the withholding tax) provided that, in the absence of the withholding tax, the share-based payment would have been equity-settled in its entirety; - modifications of share-based payment transactions from cash-settled to equity-settled: the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value, with the difference between the two amounts recognised in profit or loss.
Amendments to IAS 40 *Transfers of investment property* (1 January 2018)	These amendments will be applicable on a prospective basis. These amendments provide guidance on transfers to or from investment property. They also clarify that the list of evidence of a change of use is a non-exhaustive list of examples.
IFRIC 22 *Foreign currency transactions and advance consideration* (1 January 2018)	Companies will be allowed to apply this interpretation either retrospectively or prospectively. IFRIC 22 provides guidance on interpreting IAS 21 – The Effects of Changes in Foreign Exchange Rates. It clarifies the exchange rate to be used for advance consideration.

Standard (application date for the Group subject to adoption by the EU)	Description of the standard
IFRIC 23 *Uncertainty over Income Tax Treatments* (1 January 2019)	Companies will be allowed to apply this interpretation on a full or partial retrospective basis. IFRIC 23 explains how to reflect the effects of uncertainty in accounting for current and deferred tax assets and liabilities under IAS 12 – Income taxes. It clarifies the following main points: - judgement should be used to determine whether uncertain tax treatments should be considered separately or together; - an entity should assume that the taxation authority will examine all amounts reported to it and will have full knowledge of all relevant information when doing so; - the decision whether to recognise current and deferred tax assets and liabilities should be made based on the probability (i.e. is it more probable than not) that the asset will be recovered or the liability will be paid; - if it is not probable that the taxation authority will accept an uncertain tax treatment, the provision should be based on the estimated amount that the entity expects to pay or recover, as determined by (i) the most likely amount method or (ii) a method based on the weighted average of the various possible scenarios.
Amendments to IFRS 9 *Prepayment features with negative compensation* (1 January 2019)	These amendments will be applicable on a retrospective basis. The amendments expand the classification of financial assets at amortised cost or at fair value through other comprehensive income and clarify the application of the "solely a payment of principal and interest" test to certain debt instruments with a prepayment feature where the effect of exercising this clause would reasonably lead to repayments that are lower than the amount of principal and interest due.
Amendments to IAS 28 *Long-term interests in associates and joint ventures* (1 January 2019)	These amendments will be applicable on a retrospective basis. These amendments clarify that IFRS 9 (including the impairment rules) applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
IFRS Annual Improvements Cycles 2015-2017 cycle *(1 January 2019)*	The main standards concerned are: ▪ IAS 12 – Income Taxes: these amendments clarify that the tax consequences of dividend payments (i.e. distributions of profits) should be recognised in profit or loss, equity or other comprehensive income according to where the transactions that generated the distributed profits were presented. They will be applicable on a retrospective basis as from the first comparative period presented. ▪ IAS 23 – Borrowing Costs. These amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally. These amendments will be applicable on a prospective basis.

These interpretations and amendments are not expected to have any material impact on the Group's consolidated financial statements.

CASINO, GUICHARD-PERRACHON

Société Anonyme

1 cours Antoine Guichard
42000 SAINT-ETIENNE

Statutory Auditors' Report on the Consolidated Financial Statements

Year ended December 31, 2017

ERNST & YOUNG ET AUTRES
Tour First
1 place des Saison - TSA 14444
92037 PARIS-LA-DEFENSE CEDEX

S.A.S. à capital variable

Commissaire aux comptes
Membre de la compagnie
régionale de Versailles

DELOITTE & ASSOCIÉS
185 avenue Charles de Gaulle
92200 NEUILLY-SUR-SEINE

S.A. au capital de 1 723 040 €

Commissaire aux comptes
Membre de la compagnie
régionale de Versailles

Casino, Guichard-Perrachon

Société Anonyme

1 cours Antoine Guichard
42000 SAINT-ETIENNE

Statutory Auditors 'Report on the Consolidated Financial Statements

Year ended December 31, 2017

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information specifically required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.
This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders' meeeting of CASINO, GUICHARD-PERRACHON,

Opinion

In compliance with the engagement entrusted to us by your shareholders 'meeting, we have audited the accompanying consolidated financial statements of CASINO, GUICHARD-PERRACHON for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditors ’Responsibilities for the Audit of the Consolidated Financial Statements ” section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French code of ethics (*code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

<table>
<tr><th colspan="2">Valuation of goodwill and brands</th></tr>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td colspan="2">Please see Notes "10.1 – Goodwill", "10.2 – Other intangible assets" and "10.5 – Impairment of non-current assets" to the consolidated financial statements”</td></tr>
<tr><td>As of December 31, 2017, the net carrying amount of goodwill and brands with an indefinite life recorded in the consolidated statement of financial position, following different business combinations carried out by the Group as part of its external growth transactions, amount to, respectively, €9,031 million and €1,613 million, which represents approximately 28% of total consolidated assets.

As part of the valuation of these assets, the Group performs impairment tests at least once a year and whenever there is an indication of impairment.

We considered the valuation of goodwill and brands, including the goodwill relating to FRANPRIX - LEADER PRICE and the brand relating to EXTRA, to be a key audit matter due to the following:
- their materiality in the consolidated financial statements ;
- the importance of management’s estimates, assessments and significant assumptions on the basis of which their recoverable amount is determined, based on the future discounted cash flows expected to be derived from these assets;
- the sensitivity of the valuation of these recoverable amounts to certain assumptions.</td><td>We examined the compliance of the methodology implemented by management with the accounting standards in force.

We also assessed the main estimates used and analyzed in particular:
- the consistency of cash flow projections with the medium-term budgets and business plans prepared by management, as well as the consistency of these projections with the Group’s historical performance and the economic context in which the Group operates,
- the methods and parameters used to determine the discount rates applied to estimated cash flows. We recalculated these discount rates, and compared them with the amounts used by leading financial analysts and with our internal databases, with the assistance of our valuation experts,
- the relevance of the sensitivity scenarios used by management.

Finally, we examined the appropriateness of the disclosures provided in the notes to the consolidated financial statements, notably those relating to sensitivity tests.</td></tr>
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Valuation of rebates to be received from suppliers at year-end	
Risk identified	***Our response***
Please see Notes "6.2 – Cost of goods sold" and "6.8 – Other current assets" to the consolidated financial statements	
Within the scope of its retail activities, the Group receives rebates from its suppliers in the form of discounts and commercial cooperation fees. These benefits, generally paid based on a percentage defined contractually, and on purchases made from suppliers, are recorded as a deduction from cost of goods sold. Considering the material impact of these accounting entries on net profit for the period, the large number of contracts concerned and the necessity for management to estimate the purchases covered by these year-end benefits for each supplier, we considered the valuation of rebates to be received from suppliers at year-end to be a key audit matter.	Within the scope of our audit, we: - examined the internal control measures relating to the process for monitoring these rebates in the Group's various subsidiaries and carried out tests on the key controls using sampling techniques; - we considered, based on sampling, whether the contractual terms relating to rebates to be received from suppliers were correctly taken into account in the valuation; - we examined the estimates used by management to determine these year-end rebates, in particular the valuation of the level of purchases at year-end used to determine the amounts of the invoices to be issued; - we examined the collection of these receivables subsequent to the year-end date.

Recognition of tax credits and monitoring of contingent tax liabilities at GPA	
Risk identified	***Our response***
Please see Notes "5.1 – Key indicators by reportable segment", "6.8.1 – Breakdown of other current assets", "6.9.1 – Breakdown of other non-current assets" and "13.3 – Contingent assets and liabilities" to the consolidated financial statements	
Within the scope of its retail activities at GPA, the Group recognizes ICMS tax credits. The balance amounts to €382 million as of December 31, 2017, including €201 million related to ICMS ST tax credits from previous fiscal years following a judgment of the Supreme Court in Brazil in April 2017. These tax credits are accounted for as a reduction of cost of goods sold.	We conducted interviews with various people with responsibilities in the organization of GPA, to identify and understand the process for recognizing tax credits; litigation and existing liabilities, as well as the judgments relating thereto.

These tax credits are recognized based on: (i) the interpretation of tax legislation and jurisprudence, in particular in the retail sector in Brazil, (ii) legal opinions provided by the subsidiary's external tax advisors, when it is considered that they can be estimated and that their recoverability is probable. Furthermore, as described in Note 13.3 to the consolidated financial statements, the Group estimates contingent PIS and COFINS tax credit assets, relating to the exclusion of ICMS from the calculation basis of these two taxes, at an amount within a range of between €327 and €466 million. GPA is also involved in various administrative and legal proceedings in Brazil arising, notably, from tax claims filed by the Brazilian tax authorities. These tax risks, estimated at €2,371 million as of December 31, 2017, have been treated as contingent liabilities and no provisions have been recognized as of December 31, 2017, as indicated in Note 13.3 to the consolidated financial statements. We considered the recognition and recoverability of the tax credits, on the one hand, and the valuation and monitoring of contingent tax liabilities in Brazil, on the other hand, to be key audit matters for the following reasons: (i) the significance in the accounts of the tax credit balance, the contingent asset relating to PIS and COFINS tax credits and the amount of contingent tax liabilities as of December 31, 2017, (ii) the complexity of the Brazilian tax legislation regarding taxes and (iii) the use of judgements and estimates by management in connection with the recognition of tax credits and the valuation of contingent tax liabilities.	Concerning tax credits, we examined: - the internal control measures relating to the process for monitoring these tax credits and we tested the related key controls using sampling techniques, - the relevance of the documentation justifying either the recognition of ICMS tax credits over the year, or the qualification of the PIS and COFINS tax credits as a contingent tax asset, - the legal or technical opinions provided by law firms or external experts chosen by management to assess the recognition of the tax credits presented in the consolidated financial statements, - the appropriateness of assumptions used by management to draw up the recovery plan underlying the recognized ICMS tax credits. Concerning contingent liabilities, we: - reconciled the list of identified disputes with the information provided by GPA's main law firms that we contacted, - examined the information on the legal or technical proceedings and/or opinions provided by the law firms or external experts chosen by management to assess the appropriateness of the qualification of the various disputes as contingent liabilities, - examined the risk estimates prepared by the Group and reconciled them with the figures in the notes to the consolidated financial statements with respect to contingent tax liabilities. Finally, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Presentation and valuation of the VIA VAREJO discontinued operations	
Risk identified	***Our response***
Please see Notes "2 – Significant events of the year" and "3.5 – Non-current assets held for sale and discontinued operations" to the consolidated financial statements	
The process for the sale of the Group's interest in VIA VAREJO, which represents the entire "Latam Electronics" operating sector and the e-commerce business in Brazil through its subsidiary CNOVA Brazil, undertaken and approved by the Board of Directors on November 23, 2016, is still underway as of December 31, 2017. Following this decision: - the assets and liabilities as well as the cash flow of VIA VAREJO have, respectively, been presented on a separate line of the consolidated statement of financial position and of the consolidated statement of cash flows; - the after tax net profit of the VIA VAREJO activities have been presented in a separate line of the consolidated statement of income ("Net profit from discontinued operations"); - VIA VAREJO was valued at the lower of its carrying amount and its fair value less selling costs. Considering the significance of the VIA VAREJO activity in the consolidated financial statements (the net assets of VIA VAREJO amount to €1,470 million, or around 11% of net consolidated assets), we considered the accounting classification, the valuation of the interest, and the disclosures provided in this respect in the notes to the consolidated financial statements to be a key audit matter.	Within the scope of our audit, we examined the continuation of the process to sell VIA VAREJO and its subsidiaries undertaken by the Group's management, with regard to the assessment criteria, set forth in IFRS 5, for the classification of discontinued operations and the resulting presentation. We examined the identification and presentation of all of the items comprising the assets and liabilities, the cash flow statement and the after tax net profit of the VIA VAREJO activities in "Assets held for sale" and "Liabilities associated with assets held for sale" (Note 3.5.1), as well as in profit and cash flow from discontinued operations (Notes 3.5.2 and 3.5.3), with regard to IFRS 5. Concerning these assets and liabilities, we assessed the methods for determining their fair value, less estimated selling costs, as of December 31, 2017, based on, notably, the stock market price at that date. In particular, we considered whether the control premium used by management to estimate the fair value of VIA VAREJO was consistent with comparable transactions that we were able to observe on the Brazilian market. Finally, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Board of Directors' management report.

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

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of CASINO, GUICHARD-PERRACHON by the Shareholders 'Meeting held on April 29, 2010.

As at December 31, 2017, our audit firms were both in their 8th year of uninterrupted engagement. Previously, Ernst & Young Audit had been statutory auditor since 1978.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors 'Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditors conclude that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French code of ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La-Défense and Neuilly-sur-Seine, March 9, 2018

The Statutory Auditors

French original signed by:

ERNST & YOUNG ET AUTRES | **DELOITTE & ASSOCIÉS**

Yvon SALAÜN | Sylvain LAURIA | Frédéric MOULIN | Patrice CHOQUET