HALF-YEAR

FINANCIAL REPORT

2019

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INTRODUCTION

In this semi-annual report, the terms “Cnova,” “we,” “us,” “our” and “the Company” refer to Cnova N.V. and, where appropriate, its subsidiaries. Any reference to “our brands” or “our domain names” in this semi-annual report includes the brands “Cdiscount” and related domain names, which are either registered in the names of our Parent Companies or in the name of Cdiscount as more fully described herein. Additionally, unless the context indicates otherwise, the following definitions apply throughout this semi-annual report:

Name	Definition
AFM	Dutch Authority for the Financial Markets
AMF	French Autorité des Marchés Financiers
Casino..	Casino, Guichard-Perrachon S.A.
Casino Group	Casino, Guichard-Perrachon S.A. and its subsidiaries and, where appropriate, the controlling holding companies of Casino, including Rallye S.A. and Euris S.A.S. which are ultimately controlled by Mr. Jean-Charles Naouri
CBD or GPA..................................	Companhia Brasileira de Distribuição and, where appropriate, its subsidiaries (together, commonly known as Grupo Pão de Açúcar)
Cdiscount	Cdiscount S.A. and, where appropriate, its subsidiaries
Cnova Brazil..................................	CNova Comércio Eletrônico S.A., until October 31, 2016, a former wholly owned subsidiary of Cnova
Euris..	Euris S.A.S.
Parent Companies..........................	Casino, CBD, Éxito and, until the completion of the 2016 Reorganization (as defined in “2.3.4 The 2016 Reorganization”), Via Varejo, each of which is an affiliate of Cnova
Rallye	Rallye S.A. and, where appropriate, its subsidiaries
SEC	United States Securities and Exchange Commission
Via Varejo......................................	Via Varejo S.A. and, where appropriate, its subsidiaries

We also have a number of other registered trademarks, service marks and pending applications relating to our brands. Solely for convenience, trademarks and trade names referred to in this semi-annual report may appear without the “®” or “™” symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent possible under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies’ trade names, trademarks or service marks 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 semi-annual report is the property of its respective holder.

This semi-annual report includes other statistical, market and industry data and forecasts which we obtained from publicly available information and independent industry publications and reports that we believe to be reliable sources. These publicly available industry publications and reports generally state that they obtain their information from sources that they believe to be reliable, but they do not guarantee the accuracy or completeness of the information. Although we believe that these sources are reliable, we have not independently verified the information contained in such publications. Certain estimates and forecasts involve uncertainties and risks and are subject to change based on various factors, including those discussed under “2 Risk Factors” in this semi-annual report.

This semi-annual report contains forward-looking statements that are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, potential market opportunities and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions that convey uncertainty of future events or outcomes and the negatives of those terms. These statements include, but are not limited to, statements regarding:

- our ability to compete successfully in our highly competitive market;
- our ability to attract and retain talented personnel;
- our ability to maintain and enhance our brands, as well as our customer reputation;
- our ability to develop state-of-the-art technology, to make continuous improvement to our mobile platform successfully and to monetize traffic from mobile activity;
- our ability to achieve growth in the higher-margin areas of our business, including our marketplace and home furnishings product category;
- our ability to maintain and grow our existing customers base, to increase repeat orders from our customers and to grow our CDAV (« Cdiscount à volonté », our client loyalty program) customer base;
- our ability to maintain good relations with our vendors and the ability of our vendors to maintain their commercial position;
- our ability to successfully and continuously increase direct sales product assortment as well as marketplace offerings
- our ability to successfully optimize, operate and manage our fulfillment centers;
- our ability to protect our sites, networks and systems against security breaches;
- the extent to which we are able to benefit from the relationships with our Parent Companies;
- the extent to which our sites are affected by significant interruptions or delays in service;
- our ability to develop new sources of revenues or enhance the existing ones, including the development of new B2B services
- our ability to continue the use of our domain names and prevent third parties from acquiring and using domain names that infringe on our domain names;
- our ability to comply with European, French and other laws and regulations relating to privacy and data protection;
- our ability to comply with additional or unexpected laws and regulations applying to our business, including consumer protection laws and tax laws;
- the outcome of the ongoing shareholder class action lawsuit and SEC investigation; and
- the final financial impact of the 2016 Reorganization, including the indemnification obligation of Cnova to Via Varejo, limited to $50 million.

The forward-looking statements contained in this semi-annual report reflect our views as of the date of this semi-annual report about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement.

Cnova operates in a highly-volatile market environment, subject to rapid technological or competition-driven changes and soft macro-environment. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, those factors described in “2. Risk Factors.”

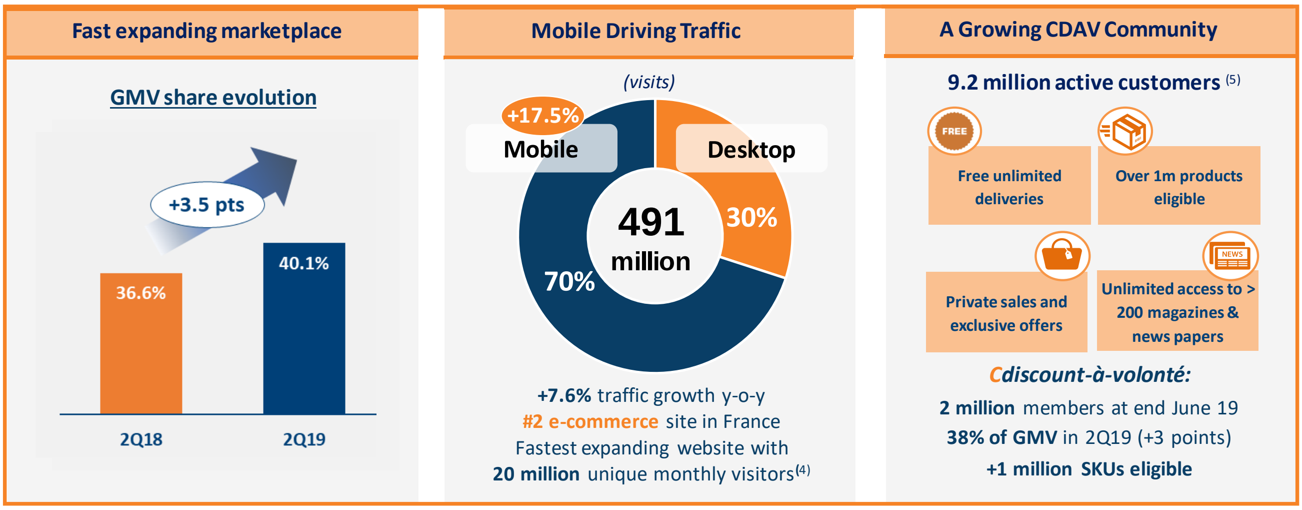
All of the forward-looking statements included in this semi-annual report are based on information available to us as of the date of this semi-annual report. Unless we are required to do so under applicable laws, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

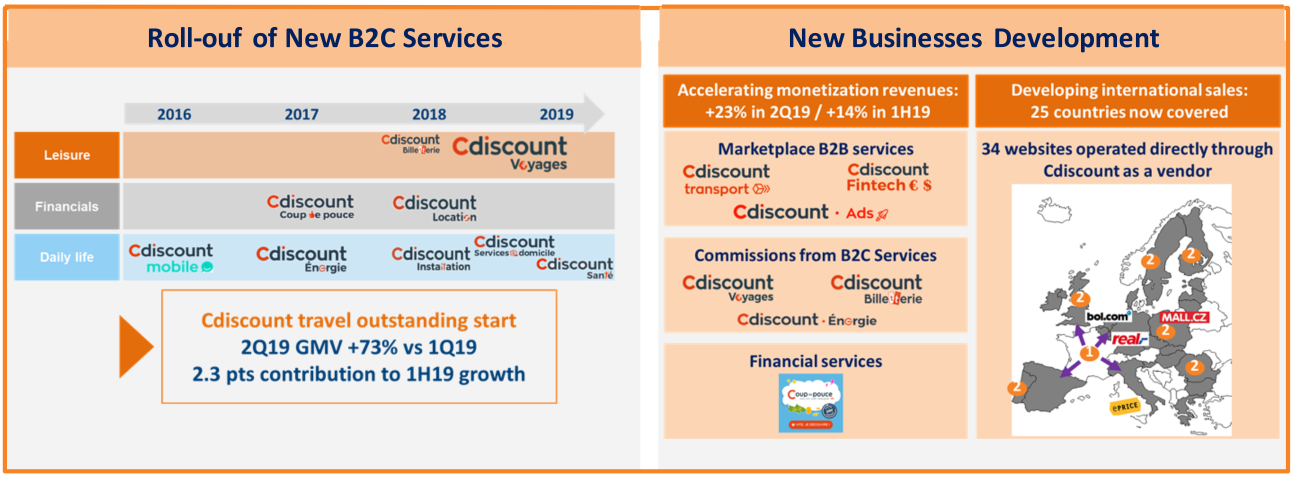
DIRECTORS’ REPORT

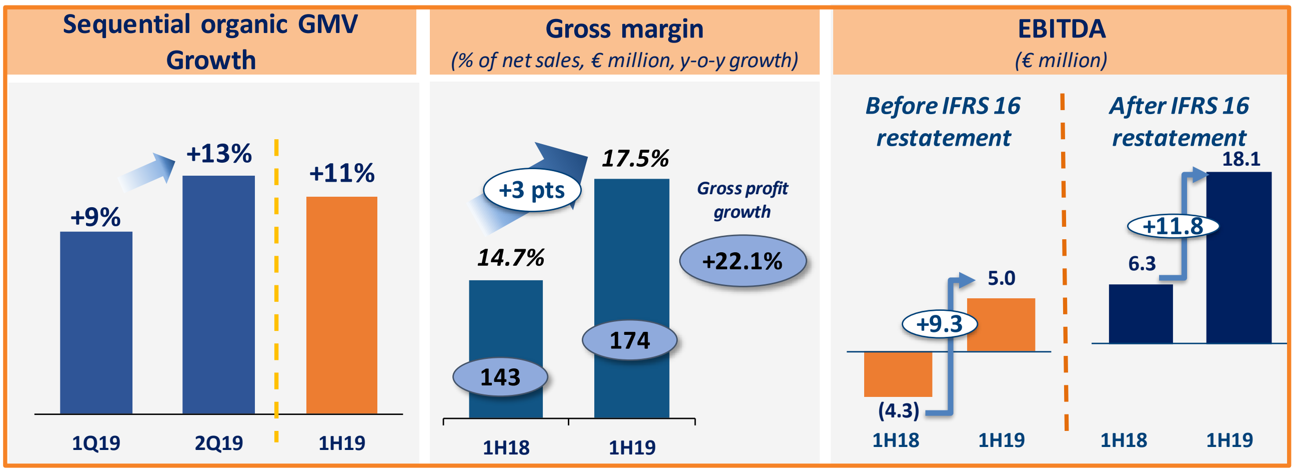
We refer to the Annual Report of Cnova N.V. for the Fiscal Year Ended December 31, 2018 prepared in accordance with Book 2 Title 9 of the Dutch Civil Code as filed with the AFM on March 29, 2019 and adopted by the General Meeting of Shareholders of the Company on May 24, 2019 (the “2018 annual report”). In the 2018 annual report, an extensive Business Overview and Business Model report was given, setting forth the main characteristics of the Company’s business. We refer to such Business Overview and Business Model report, which report should be read in conjunction with this semi-annual report.

1. DIRECTORS REPORT

1.1 KEY FIGURES







1.2 FINANCIAL HIGHLIGHTS

The following tables set forth our selected consolidated financial data. The consolidated financial data for the 6-month periods ended June 30, 2019 and 2018 are derived from our unaudited interim condensed consolidated financial statements, included elsewhere in this semi-annual report.

The selected consolidated historical financial information should be read in conjunction with our financial statements and the accompanying notes included elsewhere in this semi-annual report as well as our 2018 annual report. Our financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as approved by the European Union ("EU") and have not been audited by Ernst & Young Audit, an independent auditor.

Key Financial Figures *€ in millions*	First Half		*Change*
	2019	2018 Revised[(1)]	
Net sales	**995.8**	**968.8**	**+2.8%**
Gross profit[(2)]	**174.5**	**142.9**	**+22.1%**
Gross margin[(3)]	17.5%	14.7%	+2.8 pts
SG&A[(4)]	**(188.3)**	**(162.1)**	**+16.2%**
% of net sales	-18.9%	-16.7%	+2.2 pts
EBITDA[(5)]	**18.1**	**6.3**	**x3**
Operating EBIT[(6)]	**(13.9)**	**(19.2)**	**+27.8%**
% of net sales	-1.4%	-2.0%	+0.6 pt
Net profit/(loss) from continuing operations	**(42.2)**	**(54.6)**	**+22.8%**
Adjusted EPS (from continuing activities)[(7)]	**(0.11)**	**(0.12)**	**+10.5%**

(1) IFRS 16, which replaces IAS 17 and the related interpretations from January 1st, 2019, eliminates the distinction between operating leases and finance leases: it 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 with depreciation expense related to the right of use and interest expense related to the lease liability. Previously, the Group recognized mainly operating lease expense on a straight-line basis over the term of the lease and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized. The Csino Group decided to adopt the full retrospective approach as a transition method on January 1, 2019 and IFRS 16 has been applied retrospectively for each period presented. Detailed impacts of IFRS 16 application are included in Note 1 of the Unaudited condensed consolidated financial statements included in this semi-annual report

(2) Gross profit is a non-GAAP financial measure that we calculate as net sales minus cost of sales

(3) Gross margin is a non-GAAP financial measure that we calculate as gross profit as a percentage of net sales

(4) SG&A: selling, general and administrative expenses

(5) Adjusted EBITDA: calculated as operating profit/(loss) from ordinary activities (Operating EBIT) before depreciation and amortization expense and share based payment expenses

(6) Operating EBIT: operating profit/(loss) from ordinary activities

(7) Adjusted EPS: earnings per share, excluding non-recurring items

1.3 SIGNIFICANT EVENTS OF THE FIRST SEMESTER

♦ ***B2C offerings and services rapidly growing***

As part of its strategic plan, Cnova is fully committed in building a platform providing its customers with a large and diversified choice of products as well as a wide range of daily services to always better meet their needs. First, Cnova launched Cdiscount Santé:

- a health insurance, through a partnership with Mutuelle Ociane Matmut;
- selling low-priced prescription glasses, with 3D simulation for the customer to virtually try the glasses.

Cnova also kept developing its travel and leisure offer successfully launched last year. Cnova widened its travel offer through the development of a platform of holiday packages with thousands of offers and a new exclusive partnership with SNCF (French national railway company). As for ticketing, new important partnerships have been concluded with Funbooker and Billetreduc to make their offer available on the website, and a whitelabel has been launched with TickerMaster.

Finally, Cnova concluded a strong partnership with Xiaomi for the launch of the new Mi9T, including a one-month sale exclusivity.

♦ ***Boosting customer loyalty and brand awareness***

Cdiscount à Volonté, Cnova’s loyalty program, after being largely enriched with new services in 2018, had been strengthened during the first semester 2019 through a significant extension of eligible SKUs (x3 y-o-y), in particular thanks to the development of the Fulfillment By Cdiscount and Cdiscount Transport marketplace services. As a result, our more than 2 million Cdiscount à Volonté members now benefit from more than 1 million SKUs available.

In addition, Cnova launched several powerful marketing campaigns driving brand awareness. The most noticeable event was the release, during the first semester, of a TV advertising in partnership with Disney on the movie Aladdin: 2 spot formats on main French channels during 17 days, leading to more than 900 spots broadcasted, viewed by more than 29 million people.

Complimentary to offline campaigns, Cnova reinforced its online presence, leading to an extended 3 million fan base which is increasingly committed through the development of specialized pages such as Cdiscount Gaming, le Bazar de Zoé (Home and Decoration) or Travel.

♦ ***Further enhancing customer journey***

Leveraging on the 2018 success of the showrooms opened in Géant, Cnova opened 9 new showrooms in the first semester 2019, bringing the total network to 55 at end June 2019.

Cnova went further on developing synergies with Casino Group through multiple partnerships with Franprix. The most prominent was the launch of a 30-min delivery in Paris for the newly released Xiaomi MI9T phone, that is to be extended to a food offer in September.

Through Agrikolis, a startup part of Cnova’s logistics incubator The Warehouse, Cnova opened 37 farming pickup points, of which 30 during 2Q19. This new kind of picking points is used to deliver heavy products in remote rural areas while adding revenue to farmers and fostering social bonds between customers and local producers. Building on the high customer satisfaction of this new way of delivering, Cnova plans on rolling-out its Agrikolis network, to double by the end of the year.

♦ ***Monetization through the shift towards a platform model***

Moving towards its profitable growth strategy through a platform of products and services, Cnova enhanced its monetization initiatives during the first semester 2019, both with B2C and B2B services. They grew by +23% in the 2nd quarter 2019, driven by strong B2C services (especially travel), financial services and B2B marketplace services growth.

Regarding B2C services, in addition to launching new services as mentioned above, Cnova achieved strong performances on its star services. Travel significantly outpaced its initial target, supported by a very high CB4X (payment installment) take rate and a continued extension of its catalog. Besides, Cdiscount Energie showed again a strong growth, boosted by its extended offer (fuel offer launched last year) as well as financial services, driven by the instant credit consumer Coup de Pouce and credit card issuance.

As for B2B services, Cnova is willing to offer even more marketplace services, improving quality both for sellers and for customers. The Fulfillment by Cdiscount service experienced a strong growth and significantly increased its marketplace GMV. It offers a powerful fulfillment solution to sellers, scaling their business by making their products eligible to express delivery CDAV customers, while reinforcing all customers satisfaction. Cdiscount Transport offers a complementary solution for sellers willing to keep the storage internal but still wanting to outsource transport. Cnova also reinforced its galaxy of marketplace services on marketing and finance matters.

B2B services monetization had also been enhanced through the development of the advertising agency along with the expertise brought by Casino Group entity RelevanC, as well as other expertise monetization initiatives, such as digital advisory to Franprix. Regarding logistics, Cnova decided to carve-out its logistics activity into a dedicated subsidiary, C-logistics, to enhance its development and further promote its best-of-the-art expertise.

♦ ***International development***

In 2018, Cnova launched European-wide deliveries and 2019 marked an acceleration with higher volumes and an extension of covered countries, contributing to develop Cnova's platform of products.

Cnova extended its European direct deliveries in neighboring countries, that had grown at a fast pace driven by the Belgium performance and an extensive assortment.

Cnova also extended its presence on European marketplaces with now 34 websites (+23 vs end 1Q19) operated directly through Cdiscount as a vendor.

♦ ***Innovation constant progress***

Cnova is committed in being at the forefront of innovation, across all fields, to continuously improve client experience, operation efficiency and profitability. To keep its advance, Cnova has multiplied partnerships with more than 100 start-ups and built successful incubators.

The Warehouse, Cnova's logistics incubator, had a successful 2018 promotion with 3 out of 5 selected start-ups already implementing their solution. Among them is No.Magic, a self-learning picking arm powered by Artificial Intelligence now operational in Cestas warehouse and Exotec robots, rolled out in Réau warehouse with a 50 robot fleet handling 50,000 bins. In addition, Cnova launched Le Lab, a marketing innovation lab dedicated to start-ups in the areas of purchase experience, new consumption habits and community-based trade, with a transversal focus on data. The call for projects attracted a record number of more than 100 applicants with 5 start-ups eventually selected. Selected projects will benefit from Cdiscount's expertise as well as a whole data eco-system to experiment, build and test their solutions.

♦ ***Commitment to best-in-class Corporate Social Responsibility***

For 10 years, Cnova has been working with the network Envie, committed in social and solidarity economy and specialized in giving products a second life. In total, Cdiscount has given Envie more than 60,000 non-sold and returned products that had been repaired then sold in the network stores, given to charities (1.2 tons of toys donated) or disposed into the appropriate recycling system.

Rolling-out of a new 3D packing machine, bringing the total to 4. These machines reduce parcel wasted space and cardboard usage by 30% reducing at the same time transport cost, pollution and truck traffic by optimizing shipping space. Cnova now manages to pack 85% of its orders without any empty space.

Cnova adopted Facil'iti, a software solution facilitating web navigation for disabled people especially those suffering from impaired vision or audition. It adapts Cdiscount's website by compensating for their difficulties and helping them navigating through the website.

1.4 BUSINESS REVIEW

Key operating data	First half 2017(5)	Year 2017(5)	First half 2018	Year 2018	First half 2019
GMV(1) (€ million)	**1,418.2**	**3,306.3**	**1,613.7**	**3,645.7**	**1,752.2**
GMV reported growth year-on-year	*8.8%*	*13.2%*	*13.7%*	*10.4%*	*8.6%*
Marketplace share(2)	*33.4%*	*32.0%*	*34.5%*	*34.4%*	*37.8%*
Net sales (€ million)	**845.3**	**2,034.9**	**968.8**	**2,174.2**	**995.8**
Net sales reported growth year-on-year	*6.2%*	*13.2%*	*14.6%*	*6.8%*	*2.8%*
Traffic (visits in millions)	**414.7**	**946.1**	**433.1**	**956.7**	**490.7**
Mobile share in traffic	58.3%	59.5%	62.9%	63.4%	69.9%
Active customers(3) (million)	**8.4**	**8.6**	**8.7**	**8.9**	**9.2**
Orders(4) (million)	**12.2**	**26.8**	**12.3**	**26.9**	**12.5**

(1) GMV (gross merchandise volume) is defined as, all included taxes, product sales + other revenues + marketplace business volumes (calculated based on approved and sent orders) + services GMV

(2) Marketplace GMV shares for 2018 et 2019 have been adjusted to take into account coupons and warranties and exclude CDAV subscription fees.

(3) Active customers at the end of the period, having purchased at least once through Cdiscount.com during the 12 previous months.

(4) Total number of placed orders before cancellation due to fraud detection and/or customer non-payment.

(5) Figures after IFRS 15 restatements. However, year-on-year growth is calculated based on figures before IFRS 15 restatements both for 2016 and 2017

Cnova is one of the leading e-commerce companies in France. In the 1st half 2019, Gross Merchandise Volume (GMV) totaled €1.8 billion, a 11.0% year-on-year (y-o-y) organic growth. Organic GMV posted an increase of +13.0% in the 2nd quarter 2019 versus the same period in 2018. The 2nd quarter 2019 GMV growth was notably driven by the marketplace (+4.4 pts contribution to organic growth) and B2C services (+4.8 pts contribution), in particular Cdiscount Voyages (travel). The 2nd quarter also benefited from the successful third edition of the French Days, that generated 58% more revenues than during a regular similar period.

The marketplace is a key component of the platform of products. Marketplace GMV share reached 40.1% in the 2nd quarter 2019, an increase of +3.5 points (+3.3 points in the 1st semester 2019, at 37.8%). The GMV fulfilled by Cdiscount again experienced a very high +57% growth and gained +7.4 points in marketplace GMV to reach 27%.

Net sales amounted to €438 million in the 2nd quarter 2019, a 7% organic growth compared to the same period in 2018. The main drivers were the increase in marketplace commissions as well as new monetization revenue streams and showrooms revenues.

Traffic at Cnova totaled 235 million visits in the 2nd quarter 2019, driven by a 20% mobile traffic growth, which accounted for 72% of total traffic share (+ 6.1 points) and 49% of GMV share (+5.8 points). Regarding Unique Monthly Visitors (UMV), Cnova, ranked #2, again widened the gap by more than 2 million UMV with its nearest competitor, the largest gap since August 2018[1]

Cnova's loyalty program, Cdiscount à Volonté ("CDAV") counts now more than 2 million members. It accounted for 38% of the GMV (+3 points) in the 2nd quarter 2019.

[1] Latest Médiamétrie studies (April & May 2019)

Application of Critical Accounting Policies and Estimates

Our significant accounting policies and quantitative measures are set forth the note titled "Description of the reporting entity" and in the Notes to our audited consolidated financial statements for the years ended December 31, 2017 and 2018 and in section "2. Financial Overview", included in our 2018 annual report. The implementation of IFRS 16 applicable from January 1, 2019 is disclosed in Note 1 to our condensed consolidated financial statement of the period included in this semi-annual report. We have identified those accounting policies and measures as the most critical to an understanding of our financial position and results of operations because the application of these policies requires significant and complex management estimates, assumptions and judgment, and the reporting of materially different amounts could result if different estimates or assumptions were used or different judgments were made. The preparation of our consolidated financial statements in accordance with IFRS requires our management to make judgments, estimates and assumptions that affect the amount reported in consolidated financial statements. Estimates and assumptions are periodically re-evaluated by management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ significantly from those estimates and assumptions.

First-half 2019 income statement

Consolidated Income Statement *€ in millions*	First Half 2019	First Half 2018 Revised(1)	*Change*
Net sales	**995.8**	**968.8**	**+2.8%**
Cost of sales	(821.4)	(825.9)	-0.5%
Gross profit	**174.5**	**142.9**	**+22.1%**
% of net sales (Gross margin)	17.5%	14.7%	
SG&A(2)	**(188.3)**	**(162.1)**	**+16.2%**
% of net sales	-18.9%	-16.7%	*+2.2 pts*
Fulfillment	(81.6)	(80.9)	+0.9%
Marketing	(39.0)	(27.7)	+40.8%
Technology and content	(45.2)	(36.9)	+22.6%
General and administrative	(22.5)	(16.6)	+35.3%
Operating EBIT(3)	**(13.9)**	**(19.2)**	**+27.8%**
% of net sales	-1.4%	-2.0%	
Other expenses	(4.4)	(11.9)	-63.1%
Operating profit/(loss)	**(18.3)**	**(31.2)**	**+41.3%**
Net financial income/(expense)	(24.0)	(23.5)	+2.4%
Profit/(loss) before tax	**(42.3)**	**(54.6)**	**+22.6%**
Income tax gain/(expense)	0.1	(0.0)	nm
Net profit/(loss) from continuing operations	**(42.2)**	**(54.6)**	**+22.8%**
Net profit/(loss) from discontinued operations	(0.3)	(0.3)	+14.7%
Net profit/(loss) for the period	**(42.5)**	**(54.9)**	**+22.6%**
% of net sales	-4.3%	-5.7%	
Attributable to Cnova equity holders (incl. discontinued)	(42.9)	(54.8)	+21.7%
Attributable to non-controlling interests (incl. discontinued)	0.4	(0.2)	nm
Adjusted EPS (€)(4)	**(0.11)**	**(0.12)**	**+10.5%**

1) IFRS 16, which replaces IAS 17 and the related interpretations from January 1st, 2019, eliminates the distinction between operating leases and finance leases: it 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 with depreciation *expense related to the right of use and interest expense related to the lease liability. Previously, the Group recognized mainly operating lease expense on a straight-line basis over the term of the lease and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized. The Group decided to adopt the full retrospective approach as a transition method on January 1, 2019 and IFRS 16 has been applied retrospectively for each period presented. Detailed impacts of IFRS 16 application are included in Note 1 of the Unaudited condensed consolidated financial statements included in this semiannual report.*

2) *SG&A: selling, general and administrative expenses.*
3) *Operating EBIT: operating profit/(loss) from ordinary activities.*
4) *Adjusted EPS: earnings per share.*

For detailed information on the components of income statement, please refer to "2.1 Financial review" of our 2018 annual report.

♦ *Net sales*

Our net sales increased by €27.1 million, or 2.8%, from €968.8 million from the first half 2018 to €995.8 million in the first half 2019 and included a double-figure growth in monetization revenue streams. Net sales also include marketplace commissions, with marketplace now representing 40.1% of our total GMV in the second quarter 2019 thanks to an increase over the same period last year by 3.5 pts. Net sales organic growth was +5.6%, driven by marketplace commissions, monetization revenues as well as other revenues.

♦ *Cost of sales*

Cost of sales decreased by €4.5 million, or -0.5%, from €825.9 million in the first half 2018 to €821.4 million in the first half 2019. This translates into a gross profit of €174.5 million, and a gross margin of 17.5%, a 2.8 points improvement compared to the first half 2018. It reflects the increasing marketplace GMV share together with B2B value-added services, the rise in monetization revenues such as Travel (*Cdiscount Voyages*) and improvements in our core business profitability.

♦ *Operating expenses*

Operating expenses are classified into four categories: fulfillment, marketing, technology and content, and general and administrative costs. They amounted to €188.3 million and accounted for 18.9% of net sales, up 2.2 points compared to the same period in 2018.

Fulfillment costs

Fulfillment expenses increased by €0.7 million or 0.9%, from €80.9 million in the first half 2018 to €81.6 million in the first half 2019. As a percentage of net sales, our fulfillment expenses decreased from 8.4% in the first half 2018 to 8.2% of our net sales in the first half 2019, thanks to logistics productivity improvements with optimized processes and the rolling-out of 3D packing machines and innovative Skypod Exotec robots.

Marketing costs

Marketing costs increased by €11.3 million, or 40.8%, from €27.7 million in the first half 2018 to €39.0 million in the first half 2019. As a percentage of net sales, our marketing expenses increased from 2.9% in the first half 2018 to 3.9% of our net sales in the first half 2019 to support both unaided brand awareness and Cdiscount's traffic #2 market positioning.

Technology and content costs

Technology and content costs increased by €8.3 million, or 22.6%, from €36.9 million in the first half 2018 to €45.2 million in the first half 2019. As a percentage of net sales, our technology and content expenses increased from 3.8% in the first half 2018 to 4.5% of our net sales in the first half 2019. This increase was primarily driven by the investments supporting the development of B2C and B2B revenues.

General and administrative costs

General and administrative costs increased by €5.9 million, or 35.3%, from €16.6 million in the first half 2018 to €22.5 million in the first half 2019. As a percentage of net sales, our general and administrative expenses increased from 1.7% of our net sales in the first half 2018 to 2.3% in the first half 2019. This increase was primarily explained by the development of new business and the integration of new entities (Stootie, 1001pneus, CCV)

♦ *Other expenses*

Strategic and restructuring costs

As of June 30, 2018, strategic and restructuring expenses were €10.3 million, out of which €9.3 million of costs to implement the strategic plan initiated last year (including expansion of warehouses).

As of June 30, 2019, strategic and restructuring expenses were €1.6m, out of which €0.8m of strategic fees and €0.3m related to the implementation of the strategic plan.

Litigation costs

As of June 30, 2018, litigation expense of €1.8 million consisted mainly of €2.1 million tax risk issues over property tax and VAT and a reimbursement of €0.7 million from a settled dispute with a financial provider.

As of June 30, 2019, litigation costs of 2.0m consisted mainly in tax risks over property tax.

Impairment and disposal of assets

As of June 30, 2018, impairment and disposal of assets were not significant.

As of June 30, 2019, €0.8m of impairment of IT development costs was recognized related to assets for which impairment indicators were identified and the carrying amount were higher than the recoverable amount.

♦ *Net financial income (expense)*

Financial income and expenses, net consist primarily of revenue from cash and cash equivalents held by us, our interest expense on our borrowings and costs we incur related to the sales of receivables. More than 42% of Cnova sales and GMV are paid for through four instalment payments (“the CB4X instalment payment service”), 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 Cnova and Banque Casino, Cnova fully transfers the credit risk of the instalments related to the instalment payment program in France to Banque Casino.

Net financial expense increased by €0.6 million, or 2.4%, from €23.5 million in the first half 2018 to €24.0 million in the first half 2019, reflecting the business growth. Besides, it was well controlled and slightly decreased as a percentage of net sales thanks to improvements in risk and fraud management.

♦ *Income tax gain (expense)*

Income tax result went from an expense of €0.0 million in the first half 2018 to a tax profit of €0.1 million in the first half 2019. The change in taxes is mainly related to a negative tax impact from C-logistics profit compensated by additional deferred tax assets recognized on temporary differences related to IFRS 16.

Cash-flows and working capital

Our principal sources of liquidity have traditionally consisted of cash flows from operating activities, loans or cash received from our Parent Companies and, to a lesser extent, capital increases and proceeds obtained from short- and long-term loans and financings from third-party financial institutions. Notes 21 and 23 to our consolidated financial statements, included in our 2018 annual report, provide additional financial information regarding our liquidity and capital resources.

The following table presents the major components of net cash flows for the periods presented:

€ million	June 30, 2019	June 30, 2018 *IFRS 16 restated*
Net cash from/(used in) continuing operating activities	**(84.1)**	**4.0**
Net cash from/(used in) discontinued operating activities	(1.0)	(25,2)
Net cash from/(used in) continuing investing activities	**(36.7)**	**(26.1)**
Net cash from/(used in) discontinued investing activities	-	(0.0)
Net cash from/(used in) continuing financing activities	**163.7**	**59.8**
Net cash from/(used in) discontinued financing activities	-	-
Effect of continuing changes in foreign currency translation adjustments	-	-
Effect of discontinuing changes in foreign currency translation adjustments	-	-
Change in cash and cash equivalents continuing, net, at end of period	**42.9**	**37.8**

We work to optimize our working capital and we generated cash flow through, among other things, a one-time sale of a receivables portfolio, the factoring of receivables and a gradual increase in days of trade payables to suppliers. In the future, we expect an increase in net sales as well as further working capital optimization, to be primary drivers of cash flow generation.

Our cash flows and working capital fluctuate throughout the year, primarily driven by the seasonality of our business. At the end of December of each year, we experience high trade payables relative to the rest of the year following the peak sales volumes achieved in November and December associated with the holiday shopping period in France (Black Friday plus Christmas). In the first three quarters of each year, trade payables decrease due to seasonality leading to a cash balance reduction compared to the end of the prior year. This effect is also impacting negatively our last six months cash flow and working capital requirements at the end of June of each year.

We had cash and cash equivalents of €36.1 million and €69.2 million as of June 30, 2018 and 2019, respectively. The increase in our net cash and cash equivalents by €33.1 million represents our net cash flow generation over the last twelve months. We believe that our existing cash and cash equivalents together with cash generated from operations, and our existing financial resources and credit lines suffice to meet our working capital expenditure requirements for the next 12 months. However, we may need additional cash resources in the future if we identify opportunities for investment (including investment in capacity or products assortment), strategic cooperation or other actions, which may include investing in technology, including data analytics and our fulfillment capabilities. If we determine that our cash requirements exceed our amounts of cash on hand, we may seek to issue debt or equity securities or obtain credit facilities or other sources of funding.

Our trade payables include accounts payable to suppliers associated with our direct sales business. Our trade payables amounted to €667.9 million and €507.8 million as of December 31, 2018 and June 30, 2019, respectively.

Our net inventories of products amounted to €355.6 million and €349.0 million as of December 31, 2018 and June 30, 2019, respectively. Our inventory balances will fluctuate over time due to a number of factors, including our sales performance, expansion in our product selection and changes in our product mix, but also to the potential changes in our strategy.

♦ *Cash From/(Used in) Operating Activities*

Cash used in operating activities in the first half year 2019 was €(84.1) million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €158.5 million deterioration in trade payables. This decrease in trade payables relates to the seasonality of the business as mentioned above. Change in working capital was also positively impacted by €7.1 million decrease in inventories of products driven by assortment rationalization initiatives and by a €80.9 million decrease in trade receivables.

Cash from operating activities in the first half year 2018 was €4.0 million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €81.1 million deterioration in trade payables. This decrease in trade payables also relates to the seasonal effect at end June compared to the end-of-year festive period that increased purchases. In addition, change in working capital was positively impacted by €19.2 million decrease in inventories of products and by a €75.1 million decrease in trade receivables.

♦ *Cash From/(Used in) Investing Activities*

Cash used in continuing investing activities was €36.7 million in the first half 2019 and was related for €34.4 million to net acquisitions of property, equipment and intangible assets, including capital expenditures related to investments in the implementation of the switch toward a fully integrated platform model, monetizing our client, suppliers, IT and logistics assets.

Cash used in continuing investing activities was €26.1 million in the first half 2018 and was due for €27.9 million of net acquisitions of property, equipment and intangible assets, including capital expenditures related to investments in our eCommerce platforms, mobile platforms and back office technology systems, improved investment in our supply chain infrastructure.

♦ *Cash From/(Used in) Financing Activities*

Cash from financing activities was €163.7 million in the first half 2019 and was primarily attributable to €203.4 million of additional related party financial debt incurred by Cnova subsidiaries, which was partially offset by €21.9 million of interest paid and €7.4 million of financial debt decrease.

Cash from financing activities was €59.8 million in the first half 2018 and was primarily attributable to €96.2 million of additional related party financial debt incurred by Cnova subsidiaries, which was partially offset by €20.8 million of interest paid.

Financial position

€ million	June 30, 2019	June 30, 2018 *IFRS 16 restated*
Free cash flows before interest (last twelve months)	**(8.1)**	**14.5**
Free cash flows before interest (last six months)	**(118.5)**	**(23.9)**
Current net financial debt	**(355.6)**	**(268.8)**
Less net non-current financial debt	**(2.4)**	**-**
Net financial debt	**(358.0)**	**(268.8)**
Group equity	**(159.6)**	**(204.4)**

♦ *Free cash flow before interest*

Considering IFRS 16 restatement, free cash flows before interest of the last twelve months were €14.5 million at June 30, 2018 compared to €(8.1) million at June 30, 2019. It also experienced a €94.5 million deterioration between the 1st half 2019 and the 1st half 2018.

This year-on-year change is primarily due to the change in working capital and capital expenditure intensification partially offset by well-oriented financial results. Excluding IFRS 16 impact, over the last twelve months, Cnova reached a significant positive EBITDA of €35m (+€35m vs. 2018) and had limited other cash operating expenses of €(10)m (+€25m vs. 2018).

♦ *Net financial debt*

Current net financial debt went from €(268.8) million at June 30, 2018 to €(355.6) million at June 30, 2019. This change of €(86.8) million is primarily due to the financial interest paid of €(49.3) million and deterioration of free cash flow before interest mentioned above.

♦ *Group equity*

Group equity went from €(204.4) million at June 30, 2018 to €(159.6) million at June 30, 2018. This change of €44.8 million is primarily due to C-Logistics non-controlling interests related to *C Chez Vous* acquisition for +€66.8 million reduced by the consolidated comprehensive loss for the last twelve month at end June 2019 of €21.3 million.

Research and Development

Our research and development strategy is centred on building an open platform model for Cdiscount monetizing our client, suppliers, IT and logistics assets through B2C products and services as well as B2B revenues. In addition, we remain committed to enhance our eCommerce platforms, mobile platforms and applications, and fulfillment management systems, as well as other aspects of our IT infrastructure, such as customer facing and back office features for our sites.

We incurred approximately €36.9 million and €45.2 million of research and development expenses in first half 2018 and first half 2019, respectively.

2. RISK FACTORS

Section 3 “Risk Management and Risk Factors” of the 2018 annual report describes the risk factors that might be or become applicable to the Company. We refer to this Section 3 of the 2018 annual report, which report should be read in conjunction with this semi-annual report.

3. CORPORATE GOVERNANCE

3.1 BOARD OF DIRECTORS

In the Company's General Meeting of Shareholders held on May 24, 2019, the shareholders (re)appointed several directors. As from October 31, 2016, our board of directors consists of nine directors. The individuals listed below are our current directors.

Name	Date of initial appointment	Current term	Nationality	Year of birth
Non-executive directors				
Mr. Jean-Yves Haagen, Chairman	November 7, 2017	2018-2021	French	1964
Mr. Franck-Philippe Georgin	November 22,2018	2019-2022	French	1981
Mr. Silvio J. Genesini (1)(2)	December 8, 2014	2018-2021	Brazilian	1952
Mr. Eleazar de Carvalho Filho	October 31, 2014	2019-2022	Brazilian	1957
Mr. Ronaldo Iabrudi dos Santos Pereira (2)	July 24, 2014	2017-2020	Brazilian	1955
Mr. Bernard Oppetit (1)	November 19, 2014	2019-2022	French	1956
Mr. Arnaud Strasser (2)	May 30, 2014	2017-2020	French	1966
Mr. Christophe José Hidalgo	January 13, 2017	2017-2020	French	1967
Executive director				
Mr. Emmanuel Grenier-CEO	June 29, 2016	2019-2022	French	1971

(1) Member of the Audit Committee.

(2) Member of the Nomination and Remuneration Committee.

3.2 RELATED PARTY TRANSACTIONS

In the 2018 annual report, an extensive overview of the Company's policy governing Related Party Transactions is given in section 7 and note 26 to the consolidated financial statements; setting forth the main characteristics of the Company's material Related Party Transactions. We refer to such Related Party Transaction Overview, which review should be read in conjunction with this semi-annual report.

As of June 30, 2019, the related party transactions completed after (and consequently not disclosed in) our 2018 annual report are summarized in Note 12 to the Unaudited Interim Consolidated Financial Statements as included in this report.

4. INDEPENDENT AUDITOR’S REPORT

Cnova N.V.

Period from January 1 to June 30, 2019

Independent auditor’s report on review of the interim financial information

Introduction

We have reviewed the accompanying balance sheet of Cnova, N.V. as at June 30, 2019, the related consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows, as well as a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”) for the period then ended. Management is responsible for the preparation and fair presentation of this Interim Financial Information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. 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 International Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Bordeaux, July 23, 2019

The Independent Auditor

ERNST & YOUNG Audit

Laurent Chapoulaud

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2019

€ thousands	Notes	June 30, 2018 Revised, see Note 1	June 30, 2019
Net sales	5	968,769	995,821
Cost of sales	5	(825,878)	(821,362)
Operating expenses			
Fulfillment	6	(80,944)	(81,638)
Marketing	6	(27,699)	(39,012)
Technology and content	6	(36,873)	(45,222)
General and administrative	6	(16,618)	(22,477)
Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of assets costs		**(19,243)**	**(13,890)**
Strategic and restructuring cost	7	(10,268)	(1,614)
Litigation costs	7	(1,751)	(1,994)
Change in perimeter	7	-	-
Impairment and disposal of assets	7	81	(792)
Operating profit/(loss)		**(31,181)**	**(18,290)**
Financial income	8	168	95
Financial expense	8	(23,629)	(24,115)
Profit/(loss) before tax		**(54,642)**	**(42,310)**
Income tax gain/(expense)	9	(6)	143
Net profit (loss) from continuing activities		**(54,648)**	**(42,167)**
Net profit (loss) from discontinuing activities	3	(295)	(338)
Net profit/(loss) for the period		**(54,943)**	**(42,505)**
Attributable to Cnova equity owners		(54,771)	(42,871)
Attributable to non-controlling interests		(172)	366
Attributable to the owners continuing		(54,476)	(42,533)
Attributable to non-controlling interests continuing		(172)	366
Attributable to the owners discontinuing		(295)	(338)
Attributable to non-controlling interests discontinuing		-	-

Earnings (losses) per share (refer to Note 2)

In €	June 30, 2018 Revised, see Note 1	June 30, 2019
Basic earnings per share	(0.16)	(0.12)
Basic earnings per share – continuing operations	(0.16)	(0.12)
Diluted earnings per share	(0.16)	(0.12)
Diluted earnings per share – continuing operations	(0.16)	(0.12)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2019

€ thousands	June 30, 2018 Revised, see Note 1	June 30, 2019
Net income/(loss) for the year	**(54,943)**	**(42,505)**
Items that may subsequently be recycled to profit or loss		
Foreign currency translation	*(9)*	*1*
Items that may not be recycled to profit or loss		
Actuarial gains and losses	*(43)*	*(7)*
Non-controlling interests		
Other comprehensive income/(loss) for the year, net of tax	**(52)**	**(6)**
Total comprehensive income/(loss) for the year, net of tax	**(54,995)**	**(42,511)**
Attributable to Cnova equity owners	*(54,821)*	*(42,877)*
Attributable to non-controlling interests	*(174)*	*366*

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2018 AND JUNE 30, 2019

(€ thousands)	**December 31, 2018 Revised, see Note 1**	**June 30, 2019**
ASSETS		
Cash and cash equivalents	35,523	93,606
Trade receivables, net	187,001	106,571
Inventories, net	355,612	348,981
Current income tax assets	3,041	3,521
Other current assets, net	127,247	140,456
Total current assets	**708,424**	**693,135**
Other non-current assets, net	9,638	12,728
Deferred tax assets	38,628	41,206
Right of use, net	164,540	162,425
Property and equipment, net	39,121	35,973
Intangible assets, net	139,564	158,932
Goodwill	61,396	122,955
Total non-current assets	**452,887**	**534,219**
TOTAL ASSETS	**1,161,311**	**1,227,354**
EQUITY AND LIABILITIES		
Current provisions	9,481	8,801
Trade payables	667,914	507,802
Current financial debt	234,298	453,096
Current lease liability	22,677	27,358
Current tax liabilities	42,338	63,137
Other current liabilities	191,952	152,139
Total current liabilities	**1,168,660**	**1,212,333**
Non-current provisions	11,772	13,096
Non-current financial debt	2,428	2,428
Non-current lease liability	158,672	155,432
Other non-current liabilities	1,717	2,015
Deferred tax liabilities	1,637	1,675
Total non-current liabilities	**176,226**	**174,646**
Share capital	17,225	17,225
Reserves, retained earnings and additional paid-in capital	(200,756)	(243,955)
Equity attributable to equity holders of Cnova	**(183,531)**	**(226,730)**
Non-controlling interests	**(44)**	**67,104**
Total equity	**(183,575)**	**(159,626)**
TOTAL EQUITY AND LIABILITIES	**1,161,311**	**1,227,354**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2019

€ thousands	June 30, 2018 Revised, see Note 1	June 30, 2019
Net profit (loss) attributable to equity holders of the Parent	(54,476)	(42,533)
Net profit (loss) attributable to non-controlling interests	(172)	366
Net profit (loss) continuing for the year	**(54,648)**	**(42,167)**
Depreciation and amortization expense	25,523	32,641
Expenses on share-based payment plans	107	-
(Gains) losses on disposal of non-current assets	(81)	57
Other non-cash items	(72)	(274)
Financial expense, net	23,461	24,115
Current and deferred tax (gains) expenses	6	(143)
Income tax paid	(873)	(1,791)
Change in operating working capital	10,579	(96,528)
Inventories of products	*19,239*	*7,074*
Trade payables	*(81,115)*	*(158,508)*
Trade receivables	*75,118*	*80,894*
Other	*(2,663)*	*(25,987)*
Net cash from/(used in) continuing operating activities	**4,002**	**(84,089)**
Net cash from/(used in) discontinued operating activities	**(25,249)**	**(1,036)**
Purchase of property, equipment & intangible assets	(34,263)	(38,047)
Purchase of non-current financial assets	(618)	(2,379)
Proceeds from disposal of prop., equip., intangible assets & non-current financial assets	8,426	3,661
Movement of perimeter, net of cash acquired	-	-
Investments in entities	-	-
Changes in loans granted (including to related parties)	383	42
Net cash from/(used in) continuing investing activities	**(26,072)**	**(36,723)**
Net cash from/(used in) discontinued investing activities	**(9)**	**-**
Transaction with owners of non-controlling interests	-	(2,442)
Changes in loans received	96,223	203,394
Additions to financial debt	1,019	3,276
Repayments of financial debt	(10,375)	(7,365)
Repayments of lease liability	(6,239)	(11,257)
Interest paid, net	(20,802)	(21,919)
Net cash from/(used in) continuing financing activities	**59,826**	**163,687**
Net cash from/(used in) discontinued financing activities	**-**	**-**
Effect of discontinued changes in foreign currency translation adjustments	30	1
Change in cash and cash equivalents from continuing activities	**37,756**	**42,875**
Change in cash and cash equivalents from discontinued activities	**(25,228)**	**(1,036)**
Cash and cash equivalents, net, at beginning of period	23,559	27,334
Cash and cash equivalents, net, at end of period	**36,087**	**69,173**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2019

€ thousands (before appropriation of profit)	**Number of shares**	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Foreign currency translation**	**Actuarial gains and losses**	**Equity holders of the Parent**	**Non-controlling interests**	**Total consolidated equity**
As of December 31, 2017	**344,507,048**	**17,225**	**448,649**	**(607,543)**	**(50)**	**(1,623)**	**(143,342)**	**(207)**	**(143,549)**
IFRS9 impacts				(954)			(954)	(3)	(957)
IFRS 16 impacts				(4,957)			(4,957)	(16)	(4,973)
As of January 1, 2018	**344,507,048**	**17,225**	**448,649**	**(613,454)**	**(50)**	**(1,623)**	**(149,253)**	**(226)**	**(149,479)**
Other comprehensive income/(loss) for the period					(7)	(43)	(49)	(3)	(52)
Net profit/(loss) for the period				(54,771)			(54,771)	(172)	(54,943)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(54,771)**	**(7)**	**(43)**	**(54,820)**	**(175)**	**(54,996)**
Share-based payments				107			107		107
Movement on minority interests				(72)			(72)	-	(72)
Other movements								(4)	(4)
As of June 30, 2018	**344,507,048**	**17,225**	**448,649**	**(668,190)**	**(57)**	**(1,666)**	**(204,039)**	**(405)**	**(204,444)**
Other comprehensive income/(loss) for the period					(2)	(380)	(383)	(1)	(384)
Net profit/(loss) for the year				21,118			21,118	139	21,257
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**21,118**	**(2)**	**(380)**	**20,736**	**138**	**20,874**
Share-based payments				(56)			(56)		(56)
Shares issuance for long- term incentive plan	703,350			-			-		-
Movement on minority interests				(159)			(159)	231	72
Other movements				(13)			(13)	(8)	(19)
As of December 31, 2018	**345,210,398**	**17,225**	**448,649**	**(647,300)**	**(59)**	**(2,046)**	**(183,531)**	**(44)**	**(183,575)**
Other comprehensive income/(loss) for the period					1	(7)	(6)	-	(6)
Net profit/(loss) for the year				(42,871)			(42,871)	366	(42,505)
Consolidated comprehensive income/(loss) for the period	**-**	**-**	**-**	**(42,871)**	**1**	**(7)**	**(42,877)**	**366**	**(42,511)**
CCV integration								66,776	66,776
Other movements				-		(321)	(321)	6	(315)
As of June 30, 2019	**345,210,398**	**17,225**	**448,649**	**(689,096)**	**(58)**	**(2,374)**	**(226,730)**	**67,104**	**(159,626)**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Description of reporting entity and basis of preparation of Cnova consolidated financial statements

Cnova N.V. (hereafter “Cnova”) is a public limited liability company incorporated and domiciled in Netherlands. It is listed on Euronext Paris since January 23, 2015. Cnova decided to voluntary delist from Nasdaq, which became effective on March 3, 2017.

The Group consists of leading eCommerce operations in France with headquarters in the Netherlands.

Note 1 Basis of preparation and changes to Cnova accounting policies

The interim condensed consolidated financial statements for the six months ended June 30, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with Cnova's consolidated financial statements as of and for the years ended December 31, 2017 and 2018 available on www.cnova.com website.

These financial statements are also prepared on a going-concern basis despite the negative equity of €160 million at June 30, 2019. In light of the cash flow forecasts and related projected cash needs over the next 12 months the Company has agreed with its parent Casino Guichard Perrachon to benefit from credit lines totalling €550 million set in order to sufficiently cover the needs of the Company planned for 2019 and the first semester of 2020. This agreement is not affected by the ongoing safeguard procedure relating to Casino Group’s reference shareholder Rallye. Casino Group thus confirmed that Cnova NV will continue to benefit from intragroup resources to cover its financing needs for the next twelve months, until the date on which the coming half-year’s financial statement are approved. At June 30, 2019, unused credit lines amount to €129 million.

Cnova is key for the e-commerce strategy of Casino Group. The company’s strong GMV growth (GMV of € 3,304 million in 2017 and €3,646 million in 2018 and €1,614 million in H1 2018 and €1,752 million in H1 2019) market share gains and improvement in financial performance demonstrate the relevance of its strategic plan that has reinforced its subsidiary Cdiscount’s positioning as the leading French e-merchant.

The above supports the Company‘s ability to operate on a going concern basis.

Estimates and judgments are similar to those described in the audited consolidated financial statements as of December 31, 2018, with the addition of the related party transaction described in Note 12.

New standards, interpretations and amendments adopted by Cnova

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Cnova's annual consolidated financial statements as of and for the year ended December 31, 2018, except for the adoption of new standards and interpretations effective as of January 1, 2019 and presented below.

- *IFRS 16 Leases*

IFRS 16, which replaces IAS 17 and the related interpretations from January 1, 2019, eliminates the distinction between operating leases and finance leases: it 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 with depreciation expense related to the right of use and interest expense related to the lease liability.

Previously, the Group recognized mainly operating lease expense on a straight-line basis over the term of the lease and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized. Thus, performance indicators such as EBITDA and to a lesser extent current operating income are positively impacted. Conversely, the financial result is negatively impacted. At last, consolidated net profit is also 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 is higher as cash payments for the principal portion of the lease liability and the related interest are classified as cash flows from financing activities.

The Group mainly holds property leases for warehouses and offices, with close to 20 real estate contracts representing an annual rent expense of €21 million for 2018.

The Group decided to adopt the full retrospective approach as a transition method on January 1, 2019. As a result, in accordance with IAS 8 it has been applied using the retrospective restatement to each prior reporting period.

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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 lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery or real estate that have a lease term of 12 months or less and leases of low-value assets, including small IT and warehouse equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has opted for a separate presentation on the face of the statement of financial position under lease agreements related to the right of use and the lease debt.

The impacts of the retrospective application of IFRS 16 on the consolidated financial statements as of January 1, 2018 and June 30, 2018 are the following:

Condensed Consolidated Income statement for the six months ended June 30, 2018:

€ thousands	June 30, 2018 From 2018 Semi-Annual report	IFRS 16 Impacts	June 30, 2018
Net sales	968,769	-	968,769
Cost of sales	(825,878)	-	(825,878)
Operating expenses			
Fulfillment	(81,706)	762	(80,944)
Marketing	(27,707)	8	(27,699)
Technology and content	(36,873)	-	(36,873)
General and administrative	(16,726)	108	(16,618)
Operating profit/(loss) before strategic and restructuring, litigation, impairment and disposal of assets costs	**(20,121)**	**879**	**(19,243)**
Strategic and restructuring cost	(10,268)	-	(10,268)
Litigation costs	(1,751)	-	(1,751)
Change in perimeter	-	-	-
Impairment and disposal of assets	81	-	81
Operating profit/(loss)	**(32,060)**	**879**	**(31,181)**
Financial income	168	-	168
Financial expense	(21,354)	(2,275)	(23,629)
Profit/(loss) before tax	**(53,246)**	**(1,396)**	**(54,642)**
Income tax gain/(expense)	(6)	-	(6)
Net profit (loss) from continuing activities	**(53,252)**	**(1,396)**	**(54,648)**
Net profit (loss) from discontinuing activities	(295)	-	(295)
Net profit/(loss) for the period	**(53,546)**	**(1,396)**	**(54,943)**
Attributable to Cnova equity owners	(53,379)	(1,392)	(54,771)
Attributable to non-controlling interests	(167)	(5)	(172)
Attributable to the owners continuing	(53,085)	(1,396)	(54,476)
Attributable to non-controlling interests continuing	(167)	(5)	(172)
Attributable to the owners discontinuing	(295)	-	(295)
Attributable to non-controlling interests discontinuing	-	-	-

Condensed consolidated balance sheet as of January 1, 2018:

(€ thousands)	December 31, 2017 From 2018 Semi Annual report	IFRS 9 &IFRS 16 Impacts	January 1, 2018 Revised
ASSETS			
Cash and cash equivalents	43,760	-	43,760
Trade receivables, net	162,225	(957)	161,268
Inventories, net	390,079	-	390,079
Current income tax assets	2,448	-	2,448
Other current assets, net	107,118	-	107,118
Total current assets	**705,630**	**(957)**	**704,673**
Other non-current assets, net	6,064	-	6,064
Deferred tax assets	4	-	4
Right of use, net	-	128,348	128,348
Property and equipment, net	34,269	-	34,269
Intangible assets, net	99,837	-	99,837
Goodwill	58,545	-	58,545
Total non-current assets	**198,419**	**128,348**	**326,767**
TOTAL ASSETS	**904,049**	**127,391**	**1,031,440**
EQUITY AND LIABILITIES			
Current provisions	9,012	-	9,012
Trade payables	579,747	-	579,747
Current financial debt	273,925	-	273,925
Current lease liability	-	14,678	14,678
Current tax liabilities	48,793	-	48,793
Other current liabilities	153,262	(578)	152,684
Total current liabilities	**1,028,739**	**14,100**	**1,042,839**
Non-current provisions	13,998	-	13,998
Non-current financial debt	-	-	-
Non-current lease liability	-	121,429	121,429
Other non-current liabilities	4,499	(2,208)	2,291
Deferred tax liabilities	362	-	362
Total non-current liabilities	**18,859**	**119,221**	**138,080**
Share capital	17,225	-	17,225
Reserves, retained earnings and additional paid-in capital	(160,567)	(5,911)	(165,524)
Equity attributable to equity holders of Cnova	**(143,342)**	**(5,911)**	**(149,253)**
Non-controlling interests	**(207)**	**(19)**	**(226)**
Total equity	**(143,549)**	**(5,930)**	**(149,479)**
TOTAL EQUITY AND LIABILITIES	**904,049**	**127,391**	**1,031,440**

The impacts of the application of IFRS 9 consist in an additional depreciation of trade receivable on January 1, 2018 of €957 thousands, recorded against retained earnings (refer to the Consolidated Statement of Changes in Consolidated Equity for the period).

Condensed consolidated balance sheet as of December 31, 2018:

(€ thousands)	December 31, 2018 From 2018 Annual report	IFRS 16 Impacts	December 31, 2018 Revised
ASSETS			
Cash and cash equivalents	35,523	-	35,523
Trade receivables, net	187,001	-	187,001
Inventories, net	355,612	-	355,612
Current income tax assets	3,041	-	3,041
Other current assets, net	127,247	-	127,247
Total current assets	**708,424**	**-**	**708,424**
Other non-current assets, net	9,638	-	9,638
Deferred tax assets	38,628	-	38,628
Right of use, net	-	164,540	164,540
Property and equipment, net	39,121	-	39,121
Intangible assets, net	139,564	-	139,564
Goodwill	61,396	-	61,396
Total non-current assets	**288,347**	**164,540**	**452,887**
TOTAL ASSETS	**996,771**	**164,540**	**1,161,311**
EQUITY AND LIABILITIES			
Current provisions	9,481	-	9,481
Trade payables	667,914	-	667,914
Current financial debt	234,298	-	234,298
Current lease liability	-	22,677	22,677
Current tax liabilities	42,338	-	42,338
Other current liabilities	192,530	(578)	191,952
Total current liabilities	**1,146,561**	**22,099**	**1,168,660**
Non-current provisions	11,772	-	11,772
Non-current financial debt	2,428	-	2,428
Non-current lease liability	-	158,672	158,672
Other non-current liabilities	10,102	(8,385)	1,717
Deferred tax liabilities	1,637	-	1,637
Total non-current liabilities	**25,939**	**150,287**	**176,226**
Share capital	17,225	-	17,225
Reserves, retained earnings and additional paid-in capital	(192,936)	(7,820)	(200,756)
Equity attributable to equity holders of Cnova	**(175,711)**	**(7,820)**	**(183,531)**
Non-controlling interests	**(18)**	**(26)**	**(44)**
Total equity	**(175,729)**	**(7,845)**	**(183,575)**
TOTAL EQUITY AND LIABILITIES	**996,771**	**164,540**	**1,161,311**

Condensed consolidated statement of cash flows for the six months ended June 30, 2018:

€ thousands	**June 30, 2018 From 2018 Semi-Annual Report**	**IFRS 16 Impacts**	**June 30, 2018 Revised**
Net profit (loss) attributable to equity holders of the Parent	(53,085)	(1,392)	(54,476)
Net profit (loss) attributable to non-controlling interests	(167)	(5)	(172)
Net profit (loss) continuing for the year	**(53,252)**	**(1,396)**	**(54,648)**
Depreciation and amortization expense	25,523	9,771	25,523
Expenses on share-based payment plans	107	-	107
(Gains) losses on disposal of non-current assets	(81)	-	(81)
Other non-cash items	(72)	-	(72)
Financial expense, net	23,461	2,275	23,461
Current and deferred tax (gains) expenses	6	-	6
Income tax paid	(873)	-	(873)
Change in operating working capital	14,989	(4,410)	10,579
Inventories of products	*19,239*	-	*19,239*
Trade payables	*(81,115)*	-	*(81,115)*
Trade receivables	*75,118*	-	*75,118*
Other	*1,748*	*(4,410)*	*(2,663)*
Net cash from/(used in) continuing operating activities	**(2,237)**	**6,239**	**4,002**
Net cash from/(used in) discontinued operating activities	**(25,249)**	**-**	**(25,249)**
Purchase of property, equipment & intangible assets	(34,263)	-	(34,263)
Purchase of non-current financial assets	(618)	-	(618)
Proceeds from disposal of prop., equip., intangible assets & non-current financial assets	8,426	-	8,426
Movement of perimeter, net of cash acquired	-	-	-
Investments in entities	-	-	-
Changes in loans granted (including to related parties	383	-	383
Net cash from/(used in) continuing investing activities	**(26,072)**	**-**	**(26,072)**
Net cash from/(used in) discontinued investing activities	**(9)**	**-**	**(9)**
Transaction with owners of non-controlling interests		-	-
Changes in loans received	96,223	-	96,223
Additions to financial debt	1,019	-	1,019
Repayments of financial debt	(10,375)	-	(10,375)
Repayments of lease liability	-	(6,239)	(6,239)
Interest paid, net	(20,802)	-	(20,802)
Net cash from/(used in) continuing financing activities	**66,065**	**(6,239)**	**59,826**
Net cash from/(used in) discontinued financing activities	**-**	**-**	-
Effect of discontinued changes in foreign currency translation adjustments	30	-	30
Change in cash and cash equivalents from continuing activities	**37,756**	**-**	**37,756**
Change in cash and cash equivalents from discontinued activities	**(25,228)**	**-**	**(25,228)**
Cash and cash equivalents, net, at beginning of period	23,559	-	23,559
Cash and cash equivalents, net, at end of period (Note 10)	**36,087**	**-**	**36,087**

Note 2 Earnings per share

Earnings per share for the half-year ended June 30, 2019 is €(0.12), which splits in €(0.12) for continuing operations and €0 for discontinued activities.

€ thousands	June 30, 2018	June 30, 2019
Losses (gains) attributable to ordinary equity holders of the parent for basic earnings and adjusted for the effect of dilution (1)	(54,771)	(42,871)

	June 30, 2018	June 30, 2019
Weighted average number of ordinary shares for basic EPS including DSU (1)	**344,507,048**	**345,210,398**
Dilutive instruments	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	**344,507,048**	**345,210,398**

(1) On November 19, 2014, Cnova granted to certain executives of Cnova deferred stock units (DSU). The DSU are non-forfeitable . As they are non-forfeitable, the expense related to the fair value of services rendered has been recorded in 2014.

No new dilutive or potentially dilutive instruments have been issued or granted by Cnova as of June 30, 2018 and 2019.

Note 3 Business combinations, equity transactions and discontinued operations

In connection with the Cnova group reorganization presented in Note 9 of the 2018 Annual Report. Cdiscount has made on January 1, 2019 an asset contribution of its logistics and transport business to a newly formed entity C-Logistics. On January 31, 2019, Easydis (a Casino group subsidiary) realized a share contribution of 99,9% of C Chez vous ("CCV") to C-Logistics.

CCV provides logistics services to Cdiscount, including delivery in metropolitan France (excluding Corsica and related islands) to Cdiscount customers of products purchased on our sites. CCV also provides CCV stores as Click and Collect locations for customers purchasing heavy or large products on our sites.

This transaction resulted in Easydis holding 16% of the share capital of C-Logistics. This percentage was determined based on valuations of C-Logistics and CCV performed by an external appraiser.

Business combinations of entities under common control are currently excluded from the scope of IFRS 3 Business Combinations and the IASB has a project on its agenda to address this item. The most relevant accounting policies are pooling of interests-type method or the purchase method.

We have elected to use the purchase method for the following reasons:

- Cnova NV being listed with non-controlling interests, fair value measurements result in the financial statements providing more reliable and more relevant information about the effects of the transaction. Assets, liabilities would be recognized at fair value in the purchase method. Therefore, future transactions that may occur (Increase/Decrease in capital, entrance of a new shareholders, sale of subsidiary, dividends…) would result in a more relevant presentation in accounting
- Acquisition of CCV is not material in prior year comparatives as most flows are intercompany transactions with Cdiscount and eliminates in consolidation
- C-Logistics was not existing in the comparative period. Therefore non-controlling interests in C-Logistics in 2018 are unknown

The fair values of the identifiable assets and liabilities of CCV as at the date of acquisition were:

€ thousands	**Fair value recognized on acquisition**
Assets	
Intangible assets	590
Tangible assets	128
Other non current assets	202
Inventories	119
Trade receivable	11,990
Other current assets	1,671
	14,700
Liabilities	
Trade payables	(5,214)
Dividends to be paid	(2,422)
Other current liabilities	(1,522)
Other Non-current liability	(299)
	(9,457)
Total identifiable net assets at fair value	**5,243**
Goodwill arising on acquisition	61,559
Purchase consideration transferred	**66,802**

The goodwill of €61,6 million comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the sole operating segment of Cnova. None of the goodwill recognized is expected to be deductible for income tax purposes.

In the first semester of 2019, from the date of acquisition, CCV contributed €0.2 million of revenue (after intra-group eliminations) and €1.1 million to profit before tax from continuing operations of the Group.

Purchase consideration was paid in C-Logistics' equity

From January 1, 2018 to June 30, 2018, Cnova did not enter into any business combination or equity transaction.

In the second half of 2018, Cnova entered into the following business combinations:

- On July 31, 2018, Cnova acquired 51% of the share capital and voting rights of Neosys, an IT service provider, for a total consideration of €0.6 million. Neosys is headquartered in Bordeaux, France and has one subsidiary in Morocco. €2.7 million of goodwill was recognized and no adjustments were made to the Purchase price allocation in H1 2019. For more information on the accounting treatment of this business combination, refer to Note 3 to the consolidated financial statements for the year ended December 31, 2018
- On October 15, 2018, Cdiscount acquired 1001Pneus' assets for a consideration of €0.5 million, together with all its 40 employees. This acquisition was subject to a judgement from the Marseille Commercial Court. Located in Bordeaux, 1001Pneus is a major player in the French on-line tire industry. €6.1 million of tangible and intangible assets and €3.7 million of bargain purchase gain was recognized in the second semester of 2018 and no adjustments were made to the Purchase price allocation in H1 2019. For more information on the accounting treatment of this business combination, refer to Note 3 to the consolidated financial statements for the year ended December 31, 2018.
- On November 30, 2018, a judgement from the Paris Commercial Court designated Cdiscount as the acquirer of Stootie's assets. Cdiscount offered a consideration of €0.7 million for the assets and committed to retain 38 employees. Located in Paris, with a historical base of 150,000 "Stooters" (people offering their services) and 188,000 "requesters" covering a wide range of around 385 services, Stootie is the main player among French personal services marketplaces (for example DIY, relocation or installation). Stootie and Cdiscount entered into a commercial partnership last year, with Cdiscount offering its clients installation and assembly services, covering 90,000 references, carried out by Stootie. €0.7 million of goodwill was recognized and no adjustments were made

to the Purchase price allocation in H1 2019. For more information on the accounting treatment of this business combination, refer to Note 3 to the consolidated financial statements for the year ended December 31, 2018.

Discontinued operations are related to impacts of the reorganization of Cnova in 2016.

Note 4 Seasonality of interim operations

Cnova does not earn revenues and incur expenses evenly throughout the year, with a traditional peak demand around the end of the year. Additionally, Cnova historically experiences higher sales volume during January and July, the two seasonal sales periods in the country, as well as in November and December (Black Friday and Christmas periods).

Note 5 Breakdown of sales and cost of sales

Net sales

€ thousands	June 30, 2018	June 30, 2019
Product sales	862,502	875,074
Marketplace sales (commissions)	59,612	70,343
Other revenues	46,655	50,404
Net sales	**968,769**	**995,821**

Cost of sales

€ thousands	June 30, 2018	June 30, 2019
Purchases and shipping costs	(814,328)	(814,786)
Change in inventories	(11,550)	(6,576)
Cost of sales	**(825,878)**	**(821,362)**

Note 6 Expenses by nature and function

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	June 30, 2018
Employee benefits expense	(17,807)	(5,571)	(14,054)	(9,354)	(46,787)
Other expenses	(52,644)	(21,946)	(9,531)	(5,688)	(89,809)
Depreciation and amortization expense	(10,493)	(181)	(13,288)	(1,576)	(25,538)
Total as of June 30, 2018	**(80,944)**	**(27,699)**	**(36,873)**	**(16,618)**	**(162,134)**

Fulfillment costs are positively impacted in 2018 by €762 thousands due to the implementation of IFRS 16 (refer to Note 1)

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	June 30, 2019
Employee benefits expense	(17,649)	(5,109)	(17,387)	(9,832)	(49,977)
Other expenses	(50,852)	(33,776)	(10,455)	(10,646)	(105,729)
Depreciation and amortization expense	(13,137)	(127)	(17,380)	(1,999)	(32,643)
Total as of June 30, 2019	**(81,638)**	**(39,012)**	**(45,222)**	**(22,477)**	**(188,349)**

The following table presents the breakdown other expenses including in fulfillment costs, marketing costs and technology and content costs:

€ thousands	June 30, 2018	June 30, 2019
Operation of fulfillment centers	(29,945)	(31,302)
Payment processing	(3,879)	(5,457)
Customer service centers	(9,062)	(12,944)
Other fulfillment costs	(9,758)	(1,149)
Fulfillment costs	**(52,644)**	**(50,852)**
Online and offline marketing costs	(20,473)	(32,419)
Other marketing costs	(1,473)	(1,357)
Marketing costs	**(21,946)**	**(33,776)**
Technology infrastructure	(9,314)	(9,600)
Other technology and content costs	(217)	(855)
Technology and content costs	**(9,531)**	**(10,455)**

Note 7 Other operating costs

1. **Strategic and restructuring costs**

As of June 30, 2018, strategic and restructuring expenses were €10.3 million, out of which €9.3 million of costs to implement the strategic plan initiated last year (including expansion of warehouses).

As of June 30, 2019, strategic and restructuring expenses were €1.6m, out of which €0.8m of strategic fees and €0.3m related to the implementation of the strategic plan

2. **Litigation costs**

As of June 30, 2018, litigation expense of €1.8 million consists mainly of €2.1 million tax risk issues over property tax and VAT and a reimbursement of €0.7 million from a settled dispute with a financial provider.

As of June 30, 2019, litigation costs of 2,0m consists mainly in tax risks over property tax.

3. **Impairment and disposal of assets**

As of June 30, 2018, impairment and disposal of assets are not significant.

As of June 30, 2019, €0.7m of impairment of IT development costs was recognized related to assets for which impairment indicators were identified and the carrying amount were higher than the recoverable amount.

Note 8 Financial income and expense

€ thousands	June 30, 2018	June 30, 2019
Revenue from cash and cash equivalents	-	-
Foreign exchange gain	147	36
Proceeds from sale of investments	-	-
Other financial income	22	59
Total finance income	**168**	**95**
Interest expense on borrowings (including cash pool balance with Casino)	(1,268)	(1,186)
Interest expense on lease liability	(2,275)	(2,698)
Foreign exchange loss	(61)	(55)
Costs related to sales of receivables	(19,445)	(19,807)
Book value of investments	-	-
Other financial expense	(581)	(369)
Total finance expense	**(23,629)**	**(24,115)**

Under IFRS 16, The lease liability is measured at amortised cost using the effective interest method. Accordingly finance expense is negatively impacted by interest expense on lease liability (€2,275 thousands in 2018 and €2,698 thousands in 2019) (Refer to Note 1)

Note 9 Taxes

Income tax expense

Analysis of income tax expense:

€ thousands	June 30, 2018	June 30, 2019
Current taxes	251	(957)
Other taxes on income (i)	(769)	(1,336)
Deferred taxes	512	2,436
Total income tax profit (loss) recognized in the income statement	**(6)**	**143**
Tax on other income recognized in "Other comprehensive income"	-	-
Tax on other income recognized in "Total comprehensive income"	**(6)**	**143**

(i) Include CVAE which is a French tax expense based on the value added. CVAE is considered to meet the definition of a tax on income as defined in IAS 12.

Reconciliation of theoretical and actual tax expense:

€ thousands	June 30, 2018	June 30, 2019
Profit (loss) before tax and share of profits of associates	**(54,642)**	**(42,310)**
Income tax rate (i)	**25.00%**	**25.00%**
Income tax benefit (expense)	**13,660**	**10,578**
Effect of tax rates in foreign entities (i)	4,979	2,847
Derecongition of deferred tax assets	512	-
Unrecognized deferred taxed assets arising from tax loss of the period	(19,200)	(15,441)
Non-deductible expenses	-	(87)
CVAE net of income tax	(504)	(908)
Tax credits	-	117
Non-taxation of CICE (ii)	191	-
Share based payments	-	-
Deferred tax assets arising from tax loss of previous period	-	1,450
Deferred tax assets arising from temporary differnces of previous period		1,654
Other	356	(66)
Actual income tax credit / (expense)	**(6)**	**143**

(i) The tax rate corresponds to the rate applicable to Cnova NV
(ii) Competitiveness and employment tax credit (CICE) is a tax credit recognized by reducing employee expenses.

Note 10 Goodwill

As of June 30, 2019, indicators of potential impairment for goodwill and intangible assets with indefinite lives have been considered and no impairment is necessary.

Note 11 Contingent assets and liabilities

In the normal course of its business, Cnova is involved in a number of legal proceedings with third parties or with the tax authorities in certain countries. Provisions are set aside to cover these proceedings when Cnova has a legal, contractual or constructive obligation towards a third party at year-end, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

Cnova, certain of its current and former officers and directors, and the underwriters of our U.S. initial public offering, have been named as defendants in a securities class action (consolidated in the United States District Court for the Southern District of New York, and captioned as In re Cnova N.V. Securities Litigation, Case No. 16-CV-444) asserting claims arising out of the subject matter of an internal review at Cnova Brazil, including issues related to inventory management and a number of material misstatements and omissions in our registration statement on Form F-1 filed with the SEC in 2014 in connection with our initial public offering, concerning, among other issues, our net sales and other financial information. On May 22, 2017, the parties reached a memorandum of understanding to settle the class action that contemplated that, among other things, without admitting fault or liability on behalf of the defendants, the claims against them would be released and resolved in exchange for a payment of $28,500,000. On October 11, 2017, the court entered an order preliminarily approving the settlement and conditionally certifying the class for purposes of the settlement. The settlement amount was funded shortly after preliminary approval primarily with proceeds from insurance. The time period to object to, or opt out from, the settlement has passed and no objections or opt out notices were received. On March 19, 2018, the court entered an order giving final approval to the settlement and releasing defendants of the claims alleged against them. The vast majority of this settlement amount was funded by Cnova's insurers. The remainder as well as all expected related costs were covered by Cnova's provision recorded in 2016 representing insurance deductible and total expected legal costs.

On December 14, 2018, we received formal written notification from the SEC staff that they have closed their investigation of accounting matters at Cnova and that they do not intend to recommend any enforcement action against Cnova.

Those items resulted in 2018, in the payment of the $28.5m class action settlement presented as net cash used in discontinued activities in the consolidated statement of cash flows and in a €4.5m reversal of provision included in the Net profit (loss) from discontinuing activities.

Note 12 Related party transactions

Related party transactions with parent companies

The following transactions were carried out with related parties (which are composed of Casino and its controlled subsidiaries):

€ thousands	2018		June 30, 2019	
	Transactions	Balance	Transactions	Balance
Loans due from Parent Companies	—	824	—	11,923
Receivables	—	85,700	—	57,107
Loan due to Parent Companies	—	230,139	—	421,671
Payables	—	27,178	—	29,074
Expense	196,371	—	74,318	—
Income	190,813	—	98,526	—

Other related party transactions

No material new related party transactions impacting the H1 2019 financial statements were signed after the issuance of our 2018 annual report.

Note 13 Subsequent events

None

6. RESPONSIBILITY STATEMENT AND IN CONTROL STATEMENT

In accordance with the EU Transparency Directive, as incorporated in chapter 5.1A of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), the Company's Chief Executive Officer and Chief Financial Officer declare that, to the best of their knowledge:

- These Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and results of the Company and its affiliated companies included in the Company's consolidation at June 30, 2019;

- The semi-annual report gives a true and fair view of the position as per the balance sheet date, the principal events during the first six months of the 2019 financial year for the Company and its affiliated companies included in the Company's consolidation, as well as the effect of those events on these Consolidated Financial Statements;

- The semi-annual report contains a true and fair view of the material Related Party Transactions entered into by the Company and its subsidiaries; and

- The semi-annual report describes the principal risks and uncertainties that the Company faced during the last six months of 2019 and is facing at June 30, 2019.

It should be noted that the foregoing does not imply that our systems and procedures provide any assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

Emmanuel Grenier (Executive director and CEO)

Gautier Bailly (CFO)