

RALLYE

Annual results 2021

The consolidated and annual financial statements for 2021 were closed by the Board of Directors on 17 March 2022. They were drawn up in accordance with the going concern principle given estimates prepared for the next twelve months for Rallye. Cash position forecasts are consistent with future commitments taken within the safeguard proceedings¹ and operating expenses taking into account Rallye's cash position (€15.5m as at 31 December 2021) and €15m of available and undrawn financing subscribed to Fimalac.

The audit procedures on the consolidated financial statements have been performed by the statutory auditors and the certification report is about to be issued.

<i>(in €m)</i>	2021	2020 <i>(restated*)</i>
Net Sales	30,555	31,919
EBITDA²	2,514	2,721
EBITDA margin	8.2%	8.5%
Trading profit	1,180	1,405
Trading profit margin	3.9%	4.4%
Net profit (loss) from continuing operations, Group share	(140)	(43)
Net underlying profit (loss) from continuing operations, Group share	(105)	(41)
Net profit (loss), Group share	(274)	(306)

Rallye's consolidated net sales amounted to €30.6bn and trading profit was €1,180m as at 31 December 2021. The net underlying loss from continuing operations, Group share, amounted to - €105m as at 31 December 2021.

1. Holding perimeter ³

- Global tender offer launched by Rallye on its unsecured debt

On 4 May 2021, the Paris Commercial Court approved the amendment to Rallye safeguard plan allowing the effective completion of the global tender offer on its unsecured debt launched on 22 January 2021 and the setting up of the financing of the tender offer. Rallye acquired a total amount of unsecured debt of €195.4m for a total repurchase price of €39.1m reducing the amount of its debt by €156.3m. The tender offer was settled on 18 May 2021.

* The 2020 financial statements have been restated to reflect the retrospective application of IFRS IC decision relating to the recognition of liabilities for certain post-employment benefits.

¹ As a reminder, no payment is due under the safeguard plan in 2022 and 2023

² EBITDA = trading profit + current depreciation and amortization expense

³ Rallye's holding perimeter is defined as Rallye and its subsidiaries holding the investment portfolio

- Deferment for two years of the payment dates of the safeguard plans of Rallye and its mother companies

The Paris Commercial Court decided on 26 October 2021 to defer for two years the payment dates under the safeguard plans and consequently to extend the duration of such safeguard plans (see press release dated 27 October 2021). This decision of the Court is the subject of third-party opposition proceedings.

- Rallye safeguard plan

Following the deferment for two years of the payment dates of the safeguard plans of Rallye and its mother companies, the next significant payment date of Rallye's plan will be in February 2025. As a reminder, the safeguard plan of Rallye depends mainly on Casino's distributive capacity, which is framed by its financial documentation, allowing the distribution of dividends¹ when the gross financial debt to EBITDA including leases (France Retail + E-commerce) ratio is below 3.5x. As at 31 December 2021, the gross financial debt to EBITDA including leases (France Retail + E-commerce) ratio is at 6.47x. In addition, Casino has communicated that in order to prioritize deleveraging, the Casino Board of Directors will propose to the 2022 Annual General Meeting not to pay a dividend in 2022 in respect of 2021.

- Net financial debt of Rallye's holding perimeter

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

In €m	31 Dec. 2021	31 Dec. 2020
Claims secured by pledges over Casino shares	1,228	1,194
Unsecured claims	1,518	1,658
Claims secured by pledges over shares of Rallye subsidiaries (other than Casino)	137	134
Total - claims under the safeguard plan	2,883	2,986
Financings issued after the enforcement of the safeguard plan	295	222
Total - gross financial debt	3,178	3,208
Cash and other financial assets ⁽¹⁾	(17)	(34)
Total - net financial debt (before IFRS restatements)	3,161	3,173
IFRS restatements (including the impact of the approval of the safeguard plan) ⁽²⁾	(343)	(334)
Total - net financial debt	2,818	2,839

⁽¹⁾ Of which €15.5m at Rallye company level

⁽²⁾ In 2020, Rallye analysed the accounting treatment for the modifications resulting from the liability repayment plan and the other modifications made to financial liabilities and, more particularly, the existence of a substantial modification within the meaning of IFRS 9 – Financial Instruments.

Given the specific characteristics of the safeguard proceedings, the application of IFRS 9 led to the restatement of financial liabilities in an amount of €334m at December 31, 2020, and increased to €343m at December 31, 2021, following on the one hand, the global tender offer, and on the other hand, the deferment for two years of the payment dates under the safeguard plan. This amount will be amortised on an actuarial basis (based on the applicable effective interest rate) and gradually recovered via an increase in the cost of net debt in accordance with the repayment terms defined in the safeguard plan.

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

Rallye's holding perimeter gross financial debt stood at €3,178m as of 31 December 2021, down €30m over the year, mainly as a result of:

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

- Financial interests (excluding IFRS) of €123m over 2021, which will be repaid in accordance with the repayments undertakings approved by the Paris Commercial Court on 28 February 2020 and 26 October 2021 and its contractual documentation;
- Unsecured debt tendered for a total amount of €195m for a total repurchase price of €39m reducing the total amount of its debt by €156m.

Rallye's holding perimeter net financial debt, before IFRS restatements, amounted to €3,161m as of 31 December 2021, compared to €3,173m as of 31 December 2020.

The change in Rallye's holding perimeter net financial debt over 2021 breaks down as follows:

<i>In €m</i>	2021	2020
Net financial debt (opening)	2,839	3,000
Financial interests (excluding IFRS)	123	127
Holding costs	19	38
Net impact of the global tender offer ⁽¹⁾	(113)	
Other	1	6
Variation of IFRS restatements (including the impact of the approval of the safeguard plan)	(52)	(333)
Net financial debt (closing)	2,818	2,839

(1) Excluding IFRS restatements (i.e. the accelerated amortization of liabilities under the IFRS 9 standard for the acquired debt), the net impact of the global tender offer would amount to €156m.

After taking into account the change in IFRS restatements (-€52m in 2021 and -€333m in 2020), Rallye's holding perimeter net financial debt amounted to €2,818m as of 31 December 2021.

- [Sale of Groupe Go Sport](#)

The sale of Groupe Go Sport to Hermione People & Brand, subsidiary of Financière Immobilière Bordelaise took place on 10 December 2021.

- [Rallye company level annual result](#)

Rallye's net loss for 2021 was -€334m (vs. -€99m in 2020). In particular, it incorporates a non-recurring financial product of €156m linked to the buyback of unsecured debt and a provision for impairment on Casino securities of an amount of -€315m in order to reduce the historical value to the value in use calculated at 31 December 2021, representing a value in use per share of €74.49. As at 31 December 2021, Rallye's shareholders equity was €1,095m (vs. €1,429m as at 31 December 2020).

2. Casino's activity

Both 2020 and 2021 were shaped by the pandemic, which affected the Group's geographies and formats in different ways depending on the period.

Over one year:

- Consolidated net sales amounted to €30.5bn, down -0.8%¹ year on year, including a -5.4% decline for France Retail due to the impact of the health crisis on the Paris region and tourist areas, a stable performance for Cdiscount, and growth of +2.7% in Latin America.

¹ Same-store growth

- EBITDA came out at €2,527m, including €1,281m¹ for the French retail banners² (-1.7% vs. 2020), €106m for Cdiscount (-18% vs. an exceptionally high comparison basis in 2020), and €1,035m in Latam (excluding tax credits), up +9% at constant exchange rates.

Over two years (i.e. compared to the pre-Covid period), the Group benefited from the positive effects of its transformation plans:

- In France, the retail banners' EBITDA margin rose +83 bps thanks to efficiency plans (stable EBITDA despite the health-crisis-induced drop in sales).
- At Cdiscount, deep transformation of the business model towards a margin accretive mix (marketplace, digital marketing and B2B) with EBITDA improving +54%.
- In Latam, net sales rose +15% and EBITDA jumped +29%³.

The Group is now well positioned in all of its geographies:

- In France, repositioning in formats adapted to new consumer trends (premium, convenience and E-commerce)
- In Latin America, following two major transactions (Assaí spin-off and sale of 70 GPA hypermarkets to Assaí), the Group now has well-adapted assets ready to accelerate growth in their respective markets.

At end-2021, consolidated net debt stood at €5.9bn (vs. €4.6bn at end-2020 and €5.7bn at end-2019).

In France, the pace of the disposal plan slowed due to the pandemic. Disposals worth €400m have been secured since January 2021, with the bulk of the proceeds to be collected in 2022. In this context, reflecting the transitional factors linked mainly to the Group's repositioning in France, net debt for the France Retail scope⁴ totalled €4.4bn at end-2021 vs. €3.7bn one year earlier.

The Group is now aiming to complete the final €1.3bn of its €4.5bn disposal plan by the end of 2023.

3. Outlook 2022

- Casino

In 2021, the Casino Group completed its repositioning in structurally buoyant formats with a good profitability level.

En 2022, as the health situation gradually gets back to normal, the Group is confident to recover growth momentum by capitalising on its differentiating assets and innovative services:

- Convenience formats (Monop', Franprix, Naturalia, Spar, Vival, etc.) with a target of more than 800 stores to be opened, mainly under franchise
- Confirmation of leadership in e-commerce, particularly in home delivery, supported by its partners Ocado, Amazon and Gorillas and the store network

Maintain high level of profitability and improve cash flow generation.

Continuation of the €4.5bn disposal plan in France. In view of the various options available, the Group is confident that this plan will be completed by the end of 2023.

¹ See Casino press release dated 28 January 2022

² France Retail excluding GreenYellow, real estate development and Vindémia (sold on 30 June 2020)

³ At constant exchange rates, excluding tax credits

⁴ Net debt excluding the impact of IFRS 5, and excluding GreenYellow

- Rallye

The Rallye Board of Directors will propose to the 2022 Annual General Meeting not to pay a dividend in 2022 in respect of 2021.

To the company's knowledge, on the closing date, no event occurred that would be likely to call into question the repayments undertakings provided in the safeguard plan.

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APPENDICES

ANNUAL RESULTS (CONSOLIDATED DATA)

<i>In €m</i>	2021	2020 (restated*)
Net sales	30,555	31,919
EBITDA	2,514	2,721
Trading profit	1,180	1,405
Other operational income and expenses	(661)	(800)
Cost of net financial debt	(494)	(151)
Other financial income and expenses	(280)	(394)
Profit (loss) before tax	(255)	60
Income taxes	84	(80)
Share of net income of equity-accounted investees	48	44
Net profit (loss) from continuing operation, Group share	(140)	(43)
Net underlying profit (loss) from continuing operations, Group share	(105)	(41)
Net profit (loss), Group share	(274)	(306)

SIMPLIFIED BALANCE SHEET (CONSOLIDATED DATA)

<i>In €m</i>	31 Dec. 2021	31 Dec. 2020 (restated*)
Non-current assets	22,088	21,779
Current assets	9,497	10,099
TOTAL ASSETS	31,585	31,878
Equity	3,829	4,337
Non-current financial liabilities	10,295	9,575
Other non-current liabilities	5,528	5,708
Current liabilities	11,933	12,258
TOTAL EQUITY AND LIABILITIES	31,585	31,878

* The 2020 financial statements have been restated to reflect the retrospective application of IFRS IC decision relating to the recognition of liabilities for certain post-employment benefits.

RECONCILIATION OF REPORTED PROFIT TO UNDERLYING PROFIT

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

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

<i>In €m</i>	2021	Adjusted items	2021 underlying	2020 restated	Adjusted items	2020 restated underlying
Trading profit	1,180		1,180	1,405		1,405
o/w tax credits in Brazil	28		28	139		139
o/w property development in France	13		13	63		63
Other operating income and expenses	(661)	661		(800)	800	
Operating profit	519	661	1,180	605	800	1,405
Cost of net financial debt ⁽¹⁾	(494)	(51)	(545)	(151)	(335)	(486)
o/w tax credits in Brazil	23		23	104		104
Other financial income and expenses ⁽²⁾	(280)	(113)	(393)	(394)	67	(327)
Income taxes ⁽³⁾	84	(147)	(63)	(80)	(179)	(259)
Share of net income of equity-accounted investees	48		48	44		44
Net profit (loss) from continuing operations	(123)	350	227	24	353	377
o/w attributable to non-controlling interests ⁽⁴⁾	17	315	332	67	351	418
o/w Group share	(140)	35	(105)	(43)	2	(41)

(1) Cost of net financial debt restatements mainly relates to the implementation of IFRS 9 - Financial Instruments following Rallye's safeguard plan approval in 2020 and the deferment for two years of the payment dates in 2021.

(2) Other financial and expenses for 2021 have been restated for the positive net impact of Rallye's global tender offer.

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

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

ADDITIONAL INFORMATION RELATING TO THE GROSS DEBT TO EBITDA RATIO GOVERNING THE
DISTRIBUTION OF DIVIDENDS IN CASINO'S FINANCIAL DOCUMENTATION

Financial information 12-months rolling as at 31 December 2021

<i>In €m</i>	France Retail + E-commerce
Net sales ¹	16,101
EBITDA ¹	1,464
<i>(-) impact of leases²</i>	(622)
(i) Adjusted consolidated EBITDA including leases ^{1 3}	842
(ii) Gross debt ^{1 4}	5,450
(iii) Gross cash and cash equivalents ^{1 5}	569
Gross debt to EBITDA ratio (ii/i) ^{1 5}	6.47x

¹ Unaudited data, scope as defined in refinancing documentation with mainly Segisor accounted for within the France Retail + E-commerce scope

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

³ EBITDA after lease payments (i.e., repayments of principal and interest on lease liabilities)

⁴ Loans and other borrowings

⁵ At 31 December 2021