HALF-YEAR

FINANCIAL REPORT

2017

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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
Cdiscount Group	Cdiscount Group S.A.S. (formerly Casino Entreprise S.A.S.) 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.
Éxito	Almacenes Éxito S.A. and, where appropriate, its subsidiaries
Founding Shareholders	Casino, CBD, Via Varejo, Éxito and certain former managers of Nova Pontocom.
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
Voting Depository	Stichting Cnova Special Voting Shares

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 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 $60 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

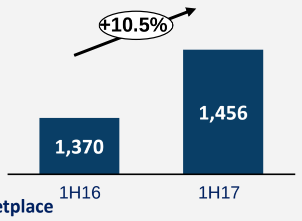
We refer to the Annual Report of Cnova N.V. for the Fiscal Year Ended December 31, 2016 prepared in accordance with Book 2 Title 9 of the Dutch Civil Code as filed with the AFM on March 24, 2017 and adopted by the General Meeting of Shareholders of the Company on May 23, 2017 (the "2016 annual report"). In the 2016 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. HALF-YEAR 2017 ACTIVITY REPORT

1.1 KEY FIGURES

GMV [1]

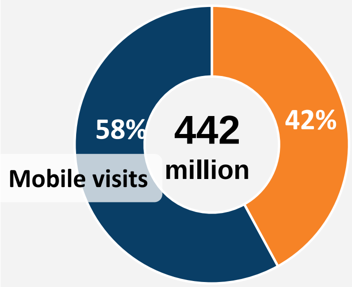
(in € million)



Marketplace Share [2]: 30.5% | 33.4% | +288 bp

Traffic 1st half 2017

(visits)



+11.5% increase of traffic vs 1st half 2016

Best progression in Desktop UMV among the 5 main e-retailers in France [3]

Volumes

8.4 million active customers [4] end June 2017

12.2 million orders in 1H17

(+11% vs 1H16)

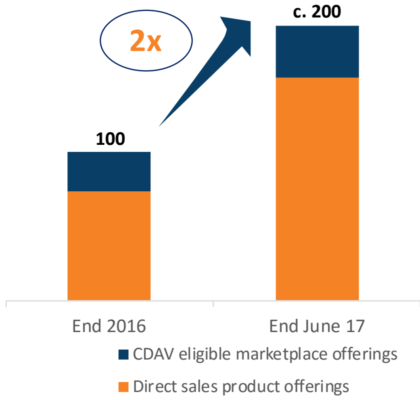
29% of CDAV share

Cdiscount · à volonté

CDAV subscribers at end June 2017:

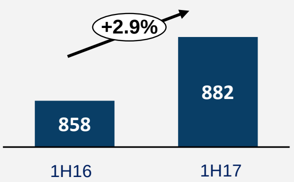
+103% on a yearly basis

Strong expansion of CDAV product catalogue [5]



Net sales

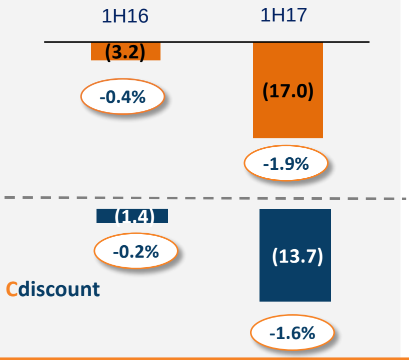
(in € million)



+7.6% increase on a like-for-like basis [6]

EBIT [7]

(in € million, % of net sales)



Net financial debt

Net debt position of €(214) million

Impacted by strategic realignment costs

(1) Gross Merchandise Volume (GMV) is defined as product sales + other revenues + marketplace business volumes + taxes and is calculated based on approved and sent orders. The 10.5% increase is on a like-for-like basis (see footnote 1 page 12 for more details).
(2) Marketplace share of GMV of www.cdiscount.com in France, calculated on total GMV less businesses not eligible to marketplace (B2B, supplier contribution etc.)
(3) According to Médiamétrie surveys on the 5 first months of 2017. UMV: Unique Monthly Visitors.
(4) Active customers at the end of June having purchased at least once through cdiscount.com during the previous 12 months.
(5) Considering direct product offerings and marketplace product offerings available in distribution centers for immediate of next day delivery thanks to Fulfillment by Cdiscount
(6) Like-for-like: see p12 for details.
(7) EBIT corresponds to operating profit/(loss) before other costs.

1.2 STRATEGIC VISION AND COMMITMENT FOR 2017

Extending product assortment

- **Multiply by 4** by end 1Q18 **SKUs eligible to fast delivery**
- Reinforce **Home** market **leading position**
- Boost recurring **Leisure & Family** categories and strengthen diversity of **Technical Goods**
- **Multichannel offer: Home furnishing** & **appliances offerings** of Casino & CD managed by Cnova
- **80% increase** in total **DC capacity** by end 1Q18 to sustain this expansion

Enhancing customer experience

- **App revamped in 2016** (React Native) followed by the **mobile websites** (React.JS) **in 1H17**
- **Mobile customer area** now enables: order tracking, cancellation, returns, …
- New tech to **optimize browsing experience** (Progressive Web App, Accelerated Model Pages, …)
- **Implement a specific customer xp** for **each major category** with an adaptive ergonomy
- **Social media** now plays a key role in customer experience (1.4M fans on Facebook)

Cnova

Customer centric offer at best price providing first-class services

Providing best delivery services

- **Multichannel strategy:** providing **immediate in-store pick up** for extended categories
- **Same-day delivery on all categories in Paris area** now proposing **light products (<30kg)**
- Exclusive new Cdiscount-à-Volonté **10€ threshold for free express delivery**
- **Heavy parcel** delivery upgrade with **free pick-up delivery on additional SKUs** and **enhanced tracking**
- Moving **to D+1 delivery for 100% of inventory**

Developing new revenue streams

- **Launch of Cdiscount Pro marketplace** in 2Q17
- Continuous development of **Fulfilment by Cdiscount** improving **customer satisfaction**
- **Develop insurance services** for our clients: credit cards, school, …
- **New services** proposed to our **marketplace sellers: Foreign exchange, BeezUp aggregator**
- **Develop our financial services offered to third parties & vendors** leveraging on our **CB4X know-how**

1.3 SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected consolidated financial data. The consolidated financial data for the 6-month periods ended June 30, 2016 and 2017 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 2016 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 *€ millions*	**First-Half**		*Change*
	2017	**2016**	
Net sales	**882.3**	**857.8**	*+2.9%*
Gross profit(1)	**123.2**	**121.5**	*+1.3%*
Gross margin(2)	*14.0%*	*14.2%*	*-21 bps*
SG&A(3)	**(140.2)**	**(124.8)**	**+12.3%**
Adjusted EBITDA(4)	**(4.9)**	**7.1**	*n.m.*
Operating EBIT(5)	**(17.0)**	**(3.2)**	*n.m.*
Cdiscount	**(13.7)**	**(1.4)**	*n.m.*
Net profit/(loss) (from continuing activities)	**(43.5)**	**(35.1)**	**+23.7%**
Adjusted EPS (from continuing activities) (6)	**(0.10)**	**(0.06)**	
Free cash flow – continuing activities LTM(7)	**(216.5)**	**10.0**	
Net cash/(Net financial debt) (8)	**(213.6)**	**(286.6)**	

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

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

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

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

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

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

(7) Net cash from/(used in) operating activities less purchase of property and equipment and intangible assets as presented in the consolidated cash flow statement

(8) Net cash/(net financial debt) is a non-GAAP financial measure that we calculate as the sum of cash and cash equivalents and cash pool balances held in arrangements with Casino Group and presented in other current assets/financial debt, less current and non-current financial debt

€ thousands	For the three months ended, Mar. 31, 2015	June 30, 2015	Sep.30, 2015	Dec. 31, 2015	Mar. 31, 2016	June.30, 2016	Sep.30, 2016	Dec.31, 2016	Mar.31, 2017	June.30, 2017
GMV	**619,390**	**566,460**	**640,063**	**883,461**	**732,433**	**637,970**	**680,673**	**943,249**	**770,362**	**685,222**
Net sales	**403,515**	**359,888**	**402,509**	**571,265**	**465,263**	**392,488**	**413,883**	**584,081**	**471,987**	**410,284**
Adjusted EBITDA	**(6,538)**	**(2,096)**	**3,566**	**3,077**	**3,986**	**3,033**	**4,204**	**6,558**	**(4,889)**	**(52)**
Cdiscount	(2,878)	1,028	6,319	12,159	7,121	1,611	6,679	9,640	(2,994)	1,322
Holdings	(3,660)	(3,124)	(2,753)	(9,082)	(3,135)	1,422	(2,475)	(3,082)	(1,895)	(1,374)
Operating profit/(loss) before other costs	**(11,836)**	**(7,182)**	**(1,715)**	**(2,209)**	**(1,207)**	**(2,004)**	**(877)**	**1,268**	**(10,759)**	**(6,218)**
Cdiscount	(8,109)	(3,928)	1,062	6,871	1,915	(3,362)	1,677	4,356	(8,852)	(4,831)
Holdings	(3,727)	(3,254)	(2,777)	(9,080)	(3,122)	1,358	(2,554)	(3,088)	(1,907)	(1,388)
Net financial income (expense)	**(359)**	**(1,293)**	**(3,574)**	**(10,988)**	**(10,697)**	**(8,629)**	**(7,325)**	**(4,366)**	**(9,314)**	**(8,369)**
Cdiscount	(660)	(1,040)	(3,458)	(10,738)	(10,334)	(8,392)	(7,145)	(10,885)	(9,451)	(8,556)
Holdings	301	(253)	(116)	(250)	(363)	(237)	(180)	6,519	137	186

In addition, over the 2015-2017 period, Cnova – excluding Cnova Brazil- had half-year and end-of-year net cash/(net financial debt) positions as follows:

- €(7) million as of June 30, 2015,
- €121 million as of December 31, 2015,
- €(1) million as of June 30, 2016,
- €178 million as of December 31, 2016,
- €(214) million as of June 30, 2017.

1.4 HIGHLIGHTS OF THE SEMESTER

♦ *Casino tender offers*

In connection with the 2016 Reorganization of Cnova Brazil within Via Varejo (please see section 1.2 *2016 Reorganization: Reorganization of Cnova Brazil within Via Varejo* in the 2016 annual report), which significantly changed Cnova's business profile, Cnova's parent company, Casino, decided to offer Cnova minority shareholders a cash exit in the event they would prefer to no longer remain shareholders of the newly configured Cnova. CBD had previously agreed not to participate in the tender offers or otherwise transfer shares indirectly held by it prior to the completion of the tender offers.

As a result, after the completion of the 2016 Reorganization described above, Casino launched two simultaneous tender offers, one in the USA and one in France, to purchase any and all outstanding Cnova ordinary shares (nominal value €0.05 per share) listed on the NASDAQ and Euronext Paris at a price of $5.50 per share (or the equivalent in euros). Both offers commenced on December 27, 2016 and were completed as of January 25, 2017.

After completion of the Offers, Casino owned 98.9% of the Cnova's issued and outstanding ordinary share capital. As a result, Casino has the right to initiate at its discretion a buy-out procedure as per Dutch law in order to acquire the remaining 1.12% of Cnova outstanding ordinary shares that it does not hold. This right has not been executed as of the filing of this semi-annual report.

Complete details of the terms and conditions of the tender offers can be found on Cnova's website (www.cnova.com) as well as on that of Casino (www.groupe-casino.fr/en/).

Following the tender offers, Cnova benefits from a simplified corporate structure.

♦ *The NASDAQ delisting*

On March 3, 2017, Cnova voluntarily delisted its ordinary shares from the NASDAQ. On the same date, Cnova filed a Form 15 with the SEC to suspend its U.S. public reporting obligations under the Exchange Act.

Cnova's ordinary shares continue to be listed on Euronext Paris.

The NASDAQ delisting and the subsequent suspension from US public reporting obligations has enabled to reduce Cnova holding costs.

♦ *Acquisition of BeezUP*

On July 5, 2017, Cnova acquired 60% of the share capital and voting rights of BeezUP S.A.S.

BeezUP is a technical SAAS (service as a software) company producing services for marketplace vendors, and has developed a software program that enables to spread catalogue feeds and orders flow on a wide range of partner channels, which will enable Cnova to propose additional services and improve its marketplace platform in addition to its traditional websites and app.

♦ *2017: Launch of a wide ranging plan to accelerate top-line growth*

The Group is embarking on a wide ranging growth plan in order to return to a sustainable double-digit GMV growth rate while strengthening sources of profitability. Strategic initiatives launched during the 2nd quarter 2017 revolved around four main pillars: SKU expansion, multichannel and delivery enhancements, technological advantages and new marketplace revenue streams.

These new initiatives underway are expected to reinforce Cdiscount's traffic growth, improve its conversion rate and increase customer loyalty through Cdiscount-à-Volonté program and repeated purchases.

- ***SKU expansion:***

Cdiscount has launched of a massive product range extension program designed to almost quadruple the number of our loyalty program Cdiscount-à-Volonté (CDAV) -eligible (fast delivery) SKUs and increase marketplace references by one-half by the end of the first quarter of 2018. In addition to reinforcing its market leading position in the Home product category, Cdiscount is boosting its diversity and availability of items in Leisure, Family markets (Sport, Games, Baby…), Technical Goods (notably accessories) and innovative and "trendy" products (connected objects, hand spinners, fidget cube, etc.). At June 30, 2017, Cdiscount is ahead of schedule and has already doubled the number of direct sales SKUs compared to the beginning of the year. This product range expansion is key to increase conversion rate, attract new clients, promote repeat business and reinforce the loyalty of our CDAV customers.

To accommodate this SKU expansion, Cdiscount has initiated a warehouse capacity expansion program that should increase by 80% total distribution center (DC) floor space between the end of 2016 and the end of the 1st quarter 2018. At the end of June 2017, total floor space had grown to 380 thousand m² (up from 295 thousand m², or +28%, compared to the end of June 2016), including a new 40 thousand m² warehouse at Saran (near Orléans).

By the end of March 2018, Cdiscount plans to have over 10 major and several smaller DCs throughout France with a total floor space of 580 thousand m². This will include two newly built warehouses for light products: a 60,000 m² DC in the southern part of Paris opening in the third quarter of 2017 as well as a 11,000 m^2 DC in the Bordeaux area close to our historic distribution center for light products of Cestas. For heavy products (> 30kg), we plan to extend our DC in the north of Paris (Saint-Mard) and our warehouses near Lyon (Verpilleux) and Orléans (Mer).

- ***Multichannel and delivery enhancements:***

In conjunction with the expansion of Cnova's product catalogue as well as to achieve more synergies with Groupe Casino in France (Casino), Cnova has implemented with Casino a reinforced multichannel strategy which allows Géant hypermarkets and Casino supermarkets (DCF) as well as Cdiscount to carry the same home furnishing high-tech and household appliance items, offer a wider variety of delivery options to DCF and Cdiscount customers (Cdiscount home delivery, Click-&-Collect pick-up, online purchase with immediate DCF in-store pickup and the usual in-store purchases) and achieve operational cost savings. As a consequence, Cnova is now managing both DCF's and Cdiscount's home furnishing and household appliance inventory (Cnova bought Casino hypermarkets and supermarkets existing inventories at the end of June 2017 for a total consideration of about €78 million including VAT).

Cdiscount also continues to improve its delivery options. Minimum basket for free next delivery for CDAV members has been lowered from 25€ to 10€ and Cdiscount now offers same-day delivery for a selection of its light products (<30 kg) for its customers in Paris. The whole light product catalogue should be available for same-day delivery in Paris beginning October 2017, making Cdiscount the only e-commerce player in France offering same-day delivery on its full range of SKUs (below and above 30 kg).

- ***Technological advantages:***

Cdiscount has continued to maintain its technological edges in 1st half of 2017. After revamping its application in 2016 with a subsequent 30% increase of conversion rate, Cdiscount has completely reviewed its mobile site in the 2nd quarter 2017 to include optimized ergonomics and additional functionalities. In the 2nd semester of 2017, Cdiscount will implement Progressive Webb App, enabling to use all the application features and displays from a website with an adaptive interface (smartphone, tablet, desktop) with faster download speed and even without internet connection. In addition, Cdiscount will use Chatbots to generate sales and manage the full spectrum of the customer relationship before and after sale on instant messaging like Facebook Messenger and Twitter. Other customer benefits will also be developed from Artificial Intelligence such as personalized promotions and merchandising, advanced image processing improving product sheets and categorization as well as language and speech recognition.

- ***New marketplace revenue sources:***

Cdiscount is continuously adding new revenue streams while expanding and improving its marketplace ecosystem:

- Roll-out of Fulfilment-by-Cdiscount (FBC) and premium pack (higher visibility and statistics report) for marketplace sellers.

- With the acquisition of BeezUP (see above), additional services are now offered to our marketplace sellers to sell their products on other platforms than Cdiscount websites through this feed aggregator
- Launch of new services for vendors, including foreign exchange and merchant financing

As part of this four-step plan strategy, actions underwent in the first-half are already showing positive results in terms of contribution to GMV and net sales growth as well as strong improvement in customer satisfaction, reaching its historical highest level in the 2nd quarter of 2017.

1.5 BUSINESS REVIEW

Key operating data	First half 2015	Year 2015	First half 2016	Year 2016	First half 2017
GMV[(1)] (€ million)	**1,185.8**	**2,709.3**	**1,370.3**	**2,994.3**	**1,455.6**
GMV growth year-on-year	*24.9%*	*18.9%*	*15.6%*	*10.5%*	*6.2%*
Marketplace share[(2)]	*27.5%*	*28.1%*	*30.5%*	*31.4%*	*33.4%*
Net sales (€ million)	**763.4**	**1,737.2**	**857.8**	**1,855.7**	**882.3**
Net sales growth year-on-year	*12,8%*	*10,2%*	*12,4%*	*6,8%*	*2.9%*
Traffic (visits in millions)	**355.5**	**759.8**	**396.1**	**841.8**	**441.6**
Mobile share in traffic	46.2%	48.0%	51.1%	53.0%	58.1%
Active customers[(3)] (million)	**6.7**	**7.3**	**7.7**	**8.2**	**8.4**
Orders[(4)] (million)	**8.9**	**20.4**	**11.0**	**24.7**	**12.2**

(1) Gross merchandise volume (GMV) is defined as product sales + other revenues + marketplace business volumes + taxes and is calculated bases on approved and sent orders.

(2) Marketplace share of GMV of Cdiscount.com in France, calculated on total GMV less businesses not eligible to marketplace (B2B, supplier contribution etc.).

(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.

We are one of the leading e-commerce companies in France. In the 1st half of 2017, our gross merchandise volume (GMV) totalled €1.5 billion, a 10.5% increase on a like-for-like basis[1]. Our net sales amounted to €882.3 million in 1st half 2017, i.e. +7.6% on a like-for-like basis on a yearly basis. According to Gfk (May 2017), Cdiscount’s Technical Goods (Hi-tech, Computers and Home Appliances) value and volume market share grew y-o-y by +151 and +229 basis points, respectively.

The marketplace share of GMV continued to expand in the 1st half of 2017 to 33.4%, an increase of +288 basis points year-on-year. The share of marketplace GMV fulfilled by Cdiscount rose from 5% in June 2016 to 13% in June 2017 while the number of vendors using Cdiscount’s fulfillment services doubled y-o-y. The quality of our marketplace vendors showed continuous improvement with customer satisfaction up by 14 points on average since the beginning of the 2017 compared to the same period in 2016.

Our traffic rose by 11.5% to 442 million visits at end June 2017. According to Médiamétrie, Cdiscount posted the highest progression among the five main e-retailers in France during the first five months of 2017 in terms of the number of desktop unique monthly visitors. Our mobile share reached 58.1% in 1st half 2017, i.e. +696 bps on a yearly basis, benefiting from the complete revamp of mobile site realized in the second quarter of 2017.

The number of active customers also continued to increase, reaching 8.4 million at June 30, 2017 (a y-o-y increase of 9.5%), while our orders and items sold grew by 11.4% and 9.2% respectively. Membership of Cdiscount à volonté (CDAV), Cdiscount’s customer loyalty program doubled y-o-y.

We strive to provide our customers with an attractive value proposition through low pricing, an extensive product assortment and highly differentiated delivery and payment solutions. As mentioned in section “1.4. Highlights of the semester”, Cnova launched a new strategic realignment plan in order to return to a sustainable double-digit GMV growth while strengthening sources of profitability.

[1] *Like-for-like: includes adjustments related to i) the sale or closure in 2016 of the specialty sites Comptoir des Parfums, Comptoir Santé and MonCornerDéco, ii) the voluntary pullback of B2B sales initiated in the 3rd quarter of 2016, iii) the exclusion of TV products, which benefited from the mandatory shift to Digital Terrestrial Television (DTT), and the Euro football championship in the 1st half 2016 (1.7pt and 2.3pt on GMV and net sales growth, respectively), iv) the impact of 2017 summer sales starting one week later than in 2016 (1.0pt and 0.9pt on GMV and net sales growth, respectively), v) Cdiscount sales realized with Casino clients in France resulting from the multichannel agreement with Casino effective June 19, 2017, and vi) the leap year impact of 2016.*

Hence, Cnova is in the middle of a massive product range extension program to almost quadruple the number of CDAV-eligible SKUs and increase marketplace references by one-half by the 1st quarter of 2018. As of end June 2017, Cnova had already doubled the number of direct sales references compared to the beginning of the year. To accompany this product range extension, Cnova has also initiated a warehouse capacity expansion program that should increase by 80% total distribution center (DC) floor space between the end of 2016 and the end of the 1st quarter 2018. At the end of June 2017, Cdiscount had a total DC floor space of 380 thousand m², up +28% vs end 2016, which included a new 40 thousands m² warehouse near Orléans (Saran) for small products (<30 kg).

In conjunction with the expansion of Cnova's product catalogue as well as to achieve more synergies with Casino in France, Cnova also reinforced its multichannel strategy with Casino with a new agreement allowing Géant hypermarkets and Casino supermarkets (DCF) as well as Cdiscount to carry the same home furnishing high-tech and household appliance items, offer a wider variety of delivery options to DCF and Cdiscount customers (Cdiscount home delivery, Click-&-Collect pick-up, online purchase with immediate DCF in-store pickup and the usual in-store purchases) and achieve operational cost savings. Thanks to this new agreement, a customer can for example order on Cdiscount.com and pick up his/her purchase in a DCF store two hours later.

In addition, Cnova strives to constantly offer new services and diversify its marketplace revenue streams. As such, Cdiscount acquired the company BeezUP in July 2017 (see section "1.4 Highlights of the semester") and now offers the possibility to its marketplace vendors to sell their products on other platforms than Cdiscount website, through BeezUP aggregator. Cdiscount also launched a foreign exchange offer for its marketplace sellers to provide them with direct & same day spot conversion of euro into their local currencies.

Cnova also continued to maintain its technological and logistics edges in the French market in the first half 2017. As an example, Cdiscount posted the strongest SEO progression in the French e-commerce sector in 2017 thus far according to a survey by Yooda. In the meantime, Cdiscount's mobile site was also completely revamped such that there is now a higher visibility of promotions, optimized ergonomics and new functionalities.

We also keep improving our delivery services in order to maximum flexibility and service level to our customers. In July 2017 we began to offer same-day delivery of a selection of its light product (<30 kg) catalogue to our customers in Paris. The entire light product catalogue will be available for Paris same-day delivery beginning October 2017. Consequently, Cdiscount will be the only player in France to offer same-day delivery on its full range of SKUs.

1.6 COMMENTS ON HALF-YEAR 2017 FINANCIAL STATEMENTS

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, 2014, 2015, and 2016 and in section "3. Financial Overview", included in our 2016 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 2017 income statement

€ millions, expect per-share amounts	**June 30, 2017**	**June 30, 2016**
Net Sales	882.3	857.8
Cost of sales	(759.1)	(736.2)
Operating expenses:	(140.2)	(124.8)
Fulfillment	(66.3)	(63.7)
Marketing	(21.4)	(14.2)
Technology and content	(33.5)	(26.3)
General and administrative	(19.0)	(20.6)
Operating profit/(loss) before other costs	**(17.0)**	**(3.2)**
Other costs:		
Restructuring	(4.5)	(2.9)
Litigation	(1.8)	(2.5)
Impairment of assets	(1.4)	(4.4)
Operating profit/(loss)	**(24.7)**	**(13.1)**
Financial income	--	0.1
Financial expense	(17.7)	(19.4)
Profit/(loss) before tax	**(42.4)**	**(32.4)**
Income tax gain/expense	(1.1)	(2.8)
Net profit/(loss) from continuing activities	**(43.5)**	**(35.1)**
Net profit/(loss) from discontinuing activities	(3.7)	(133.0)
Net profit/(loss) for the year	**(47.2)**	**(168.2)**
Attributable to Cnova equity owners	(47.0)	(162.9)
Attributable to non-controlling interests	(0.2)	(5.2)
Earnings/(loss) per share (in €)	(0.14)	(0.37)
Diluted earnings per share (in €)	(0.14)	(0.37)

For detailed information of the components of statements of Income, please refer to "3.2.2 Components of Statements of Income" of our 2016 annual report.

♦ *Net sales*

Our net sales increased by €24.5 million, or 2.9%, from €857.8 million from the first half 2016 to €882.3 million in the first half 2017. Net sales also include market place commissions which now represent 33.4% of our total GMV increasing over the same period of last year by 288 bp. Home furnishings and household appliances accounted for 50% of direct sales, while hi-tech items (AV and smartphones) and IT goods represented 35% of direct sales.

♦ *Cost of sales*

Cost of sales are primarily driven by growth in orders placed by customers, the mix of the products available for sale on our direct sales sites and transportation costs related to delivering orders to our customers at the point of delivery they choose, including pick-up locations or a postal address. As our business grows in size, we expect a corresponding increase in our cost of sales.

Cost of sales increased by €22.9 million, or 3.1%, from €736.2 million in the first half 2016 to €759.1 million in the first half 2017. Our cost of sales was 85.8% of our net sales in the first half 2016, compared to 86.0% of our net sales during the same period in 2016. The increase was driven by different factors. We experienced an increased volume of sales of large home appliances and home furnishing products, which tend to be more expensive to ship than other products. As part of our commercial strategy, we offered customers free shipping on certain orders.

♦ *Operating expenses*

Our operating expenses are classified into four categories: fulfillment, marketing, technology and content, and general and administrative costs.

Fulfillment costs

Fulfillment costs are primarily driven by the size of our operations. As our business grows in size and we invest in our fulfillment capabilities, we expect a corresponding increase in fulfillment costs in absolute terms and potentially a temporary increase as a percentage of our net sales. We also expect an increase in fulfillment costs corresponding to the growth of our home furnishings products category offering, where the sizes of products and preparation costs tend to be larger than other products. As we grow the size of our marketplaces where we provide fulfillment services for marketplace sellers for a fee, we expect an increase in fulfillment costs related to payment processing, credit card fees, related transaction costs and warehousing costs. We also expect an increase in fulfillment costs as the headcount of our customer service centers grows to handle additional customer contacts corresponding to the growth of our business.

Fulfillment expenses increased by €2.6 million, or 4.1%, from €63.7 million in the first half 2016 to €66.3 million in the first half 2017. As a percentage of net sales, our fulfillment expenses increased from 7.4% in the first half 2016 compared to 7.5% of our net sales in the first half 2017. The increase reflects the investment made in customer relationship management tools and the initial impact of the expansion in warehouse capacity.

Marketing costs

Marketing costs increased by €7.2 million, or 50.4%, from €14.2 million in the first half 2016 to €21.4 million in the first half 2017. As a percentage of net sales, our marketing expenses increased from 1.7% in the first half 2016 compared to 2.4% of our net sales in the first half 2017. The cost of the company's launch of its strategic realignment plan and the increase in promotional advertising during the 2nd quarter of 2017 primarily explains the 50% rise in marketing costs.

Technology and content costs

Technology and content costs increased by €7.2 million, or 27.6%, from €26.3 million in the first half 2016 to €33.5 million in the first half 2017. As a percentage of net sales, our technology and content expenses increased from 3.1% in the first half 2016 compared to 3.8% of our net sales in the first half 2017. The cost of the company's launch of its strategic realignment plan during the 2nd quarter of 2017 with the expansion of the IT team (big data, site revamp) primarily explains the increase in technology and content expenses.

General and administrative costs

General and administrative costs decreased by €1.6 million, or 8.0%, from €20.6 million in the first half 2016 to €19.0 million in the first half 2017. As a percentage of net sales, our general and administrative expenses decreased from 2.4% of our net sales in the first half 2016 compared to 2.2% in the first half 2017. This decrease was primarily driven by a stricter cost control. In addition, the first half of 2016 was positively impacted by the reversal of a €5.2 million provision at the holding level that had been booked in conjunction with former operations in Brazil.

♦ *Other expenses*

Restructuring

As of June 30, 2017, restructuring expenses were €4.5 million, consisting for €4.1 million to one-off costs to reorganize strategically Cdiscount (including non-recurring impact of expansion of warehouses).

Litigation

As of June 30, 2017, litigation expense of €1.8 million consists of €1.6 million tax risk issues over property tax and VAT, and two disputes with suppliers for €0.1 million each.

Initial Public Offering expenses

We did not incur such expenses as of June 30, 2016 or 2017.

Gain/(loss) from disposal of non-current assets

We did not incur such expenses as of June 30, 2016 or 2017.

Impairment of Assets

As of June 30, 2017, we wrote-off discontinued IT development at Cdiscount for €1.4 million in relation to projects that have been replaced by new IT developments.

♦ *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. Approximately 40% of Cdiscount 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 Cdiscount and Banque Casino, Cdiscount fully transfers the credit risk of the installments related to the instalment payment program in France to Banque Casino.

Net financial expense decreased by €1.6 million, or 8.5%, from €19.3 million in the first half 2016 to €17.7 million in half year 2017.

♦ *Income tax gain (expense)*

Income tax result went from an expense of €2.8 million in the first half 2016 to an expense of €1.1 million in the first half 2017. The change in taxes is mainly related to required minimum payments, including CVAE, French tax based on added value. No new deferred tax asset was recognized in first half 2017.

♦ *Net result from discontinued activities*

In September 30, 2015, Cnova sold its subsidiary MonShowroom to Monoprix. In December 2015, Cnova decided to sell its 80% share in Cdiscount Vietnam. The sale was effective on March 1, 2016. Similarly Cnova sold its subsidiary Cdiscount Thailand in April 2016. In addition, we closed our operations in Panama and Ecuador in the third quarter of 2015 and decided to discontinue our operations in Colombia, Cameroon and Senegal in June 2016 and Ivory Coast in November 2016; finally we sold Cnova Brazil on October 30, 2016. Pursuant to IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the net results of these former subsidiaries, including the disposal results, were presented as discontinued operations for the periods ended June 30, 2015 and 2016. Their net results are similarly presented as discontinued operations for the periods ended June 2016 and 2017.

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 2016 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:

€ thousands	June 30, 2017	June 30, 2016
Net cash from/(used in) continuing operating activities	**(346,053)**	**(158,946)**
Net cash from/(used in) discontinued operating activities	(9,458)	(333,209)
Net cash from/(used in) continuing investing activities	**224,417**	**(18,240)**
Net cash from/(used in) discontinued investing activities	2,729	(9,562)
Net cash from/(used in) continuing financing activities	**139,957**	**163,086**
Net cash from/(used in) discontinued financing activities	(4)	101,612
Effect of continuing changes in foreign currency translation adjustments	-	-
Effect of discontinuing changes in foreign currency translation adjustments	(48)	37,004
Change in cash and cash equivalents continuing, net, at end of period	**18,321**	**(14,100)**

Historically, we have worked 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.

We had cash and cash equivalents of €173.6 million and €15.8 million as of June 30, 2016 and 2017, respectively. The decrease in our net cash and cash equivalents by €157.8 million represents our net cash flow spent 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, assuming we have continuous access to banks and credit card operators. 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 €576.6 million and €410.5 million as of December 31, 2016 and June 30, 2017, respectively. There is generally a higher level of days payable in the first two months of the year relative to the rest of the year due to higher volumes of purchasing from November and December of the previous year in anticipation of holiday shopping. The purchasing is paid for in the first two months of the following year.

Our net inventories of products amounted to €224.8 million and €379.4 million as of December 31, 2016 and June 30, 2017, 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 in 2017 to the shift in our strategy to expand our assortment of products.

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

Cash used in operating activities in the first half year 2017 was €346.1 million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €166.3 million decrease in trade payables. This decrease in trade payables relates to the seasonal effect following the end-of-year festive period increased purchases in addition change in working capital was impacted by €154.6 million increase in inventories of products either in our fulfillment centers awaiting shipment to customers or in transit to customers and by a €14.7 million increase in trade receivables and other working capital elements.

Cash used in operating activities in the first half year 2016 was €158.9 million, as adjusted for changes in operating working capital and other activities. Changes in working capital primarily consisted of a €192.4 million decrease in trade payables. This decrease in trade payables relates to the seasonal effect following the end-of-year festive period increased purchases, was partially offset by a €10.5 million decrease in inventories of products either in our fulfillment centers awaiting shipment to customers or in transit to customers and by a €20.9 million decrease in trade receivables and other working capital elements.

♦ *Cash From (Used in) Investing Activities*

Cash from continuing investing activities was €224.4 million in the first half 2017 and was due for €245.9 million new loans from related parties offset by €21.5 million of acquisitions of property, equipment and intangible assets, including capital expenditures related to investments in our eCommerce platforms, new specialty sites, mobile platforms and back office technology systems, improved investment in our supply chain infrastructure.

Cash from investing activities was €(18.2) million in the first half 2016 and was due to €(3.0) million from investment in entities and €(15.0) million in acquisitions of property, equipment and intangible assets, including capital expenditures related to investments in our eCommerce platforms, new specialty sites, 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 €140.0 million in the first half 2017 and was primarily attributable to €155.6 million of additional related party financial debt incurred by Cnova subsidiaries, which was partially offset by €17.4 million of interest paid.

Cash from financing activities was €163.1 million in the first half 2016 and was primarily attributable to €195.6 million of additional related party financial debt incurred by Cnova subsidiaries , which was partially offset by €19.2 million of interest paid and €13.4 million of other repayment of debt.

Financial position

€ thousands	June 30, 2017	June 30, 2016
Free cash flows (last twelve months)	**(216,541)**	**10,013**
Net financial debt	**(213,575)**	**(286,585)**
Group equity	**(68,305)**	**2,158**

♦ *Free cash flow*

Free cash flows of the last twelve months were €10.0 million at June 30, 2016 compared to €(216.5) million at June 30, 2017. This change of €226.5 million is primarily due to the net result over the last twelve months of €(73.5) million, the change in working capital of €(157.2) million, including the impact of €(78) million related to the purchase of Géant inventories and €50.5 million of capital expenditures over the last twelve months, partially offset by the non-cash and non-operating items of €64.7 million.

♦ *Net financial debt*

Net financial debt went from €(286.6) million at June 30, 2016 to €(213.6) million at June 30, 2017. This change of €73.0 million is primarily due to the net debt impact of Cnova Brazil disposal for €305.9 million, and €9.2 million impact from the disposal of MonShowroom, partially offset by the last twelve months free cash flow of €(216.5) million and financial interest of €(30.0) million.

♦ *Group equity*

Group equity went from €2.2 million at June 30, 2016 to €(68.3) million at June 30, 2017. This change of €70.5 million is primarily due to the consolidated comprehensive income for the second half 2016 of €432.1 million (which include a gain of €533.9 million from the reorganisation of Cnova Brazil within Via Varejo) offset by the €475.1 million decrease in share capital (in relation with the reorganisation of Cnova Brazil within Via Varejo), the positive outcome of the disposal of our subsidiaries in Asia and Colombia for a total of €19.5 million and the net loss of €47.2 million for the first half 2017.

Research and Development

Our research and development strategy is centred on building and enhancing 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 focus on application, product, and platform development, category expansion, editorial content, purchasing, merchandising selection, systems support and digital initiatives.

We incurred approximately €26.3 million and €33.5 million of research and development expenses in first half 2016 and first half 2017, respectively.

For a description of our research and development activities, see “2.2.5 Information Technology” in our 2016 annual report.

2. RISK FACTORS

Section 4 "Risk Management and Risk Factors" of the 2016 annual report describes the risk factors that might be or become applicable to the Company. We refer to this Section 4 of the 2016 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 23, 2017, 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.

Antoine Giscard d'Estaing
Chairman of the Board of Directors
Chief Financial Officer of Casino Group

Ronaldo Iabrudi dos Santos Pereira
Vice-Chairman
Chief Executive Officer of CBD

Eleazar de Carvalho Filho
Director
Founding partner of Virtus BR Partners

Silvio J. Genesini
Independent Director
President of LIDE Tecnologia

Bernard Oppetit
Independent Director
Chairman of Centaurus Capital

Arnaud Strasser
Director
Executive Director of Corp. Dev. & Holdings of Casino Group

Emmanuel Grenier
Executive Director
CEO of Cnova & Cdiscount

Yves Desjacques
Director
Executive Director of Human Resources of Casino Group

Christophe José Hidalgo
Director
Chief Financial Officer of CBD

3.2 RELATED PARTY TRANSACTIONS

In the 2016 annual report, an extensive overview of the Company's policy governing Related Party Transactions is given in section 17; 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, 2017, the related party transactions completed after (and consequently not disclosed in) our 2016 annual report is the following:

Cross-canal transaction with DCF (Distribution Casino France)

Under this agreement Cdiscount will become the Casino group multi-channel leader for technical (audio, video, telecommunication and IT products) and home products (including garden furniture). Cdiscount will continue to sell these products directly from its online store through direct shipment (at home or pick-up points) and will then allow customers to collect available products nearly immediately at Géant hypermarkets or Casino supermarkets based on local inventory, or via classic in-store sales. Géant hypermarkets and Casino supermarkets will benefit from Cdiscount experience and expertise in such goods (assortment, pricing, promotion and sales) and on the other hand Cdiscount will reinforce its assortment of goods and provide an additional convenient distribution channel. Cdiscount will define the supply strategy (inventory volume, coverage objective by reference and by store, etc.).

For goods sold via classic in-store sales, the pricing of the product sold by Cdiscount to DCF is based on the purchase price net of 3net rebates, which will be deemed the internal sales price plus a margin of 1.33% net of costs. In addition, the applicable internal sales price is adjusted in case of obsolescence impairment based on Cdiscount guidelines which will be invoiced on a semi-annual basis to DCF.

As part of this agreement, Cdiscount and DCF have agreed that Cdiscount would acquire the DCF inventory of those goods, which total value amounted to €68 million before taxes (or €82 million after taxes), of which €78 million including taxes was paid at end June 2017. Goods were acquired at the Casino internal sales price and with a discount calculated using Cdiscount obsolescence guidelines for products labelled as showing a degree of obsolescence.

The agreement as a one year term and is automatically renewable for successive one year periods unless terminated by either party with written notice sent 6 months prior to expiration of the initial period.

In accordance with IFRS, Cnova has to recognize the sales to the final customers through all canals (including classic in-store sales) as Cnova is acting as principal in this transaction, with the related margin of DCF, the agent, being recorded in fulfilment costs.

4. INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE FIRST HALF-YEAR CONSOLIDATED FINANCIAL INFORMATION

Cnova N.V.

Period from January 1 to June 30, 2017

To the Shareholders,

Introduction

We have reviewed the accompanying balance sheet of Cnova, N.V. as at June 30, 2017, 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.

Paris-La-Défense, July 25, 2017

The Independent Auditor
/S/ ERNST & YOUNG Audit

Yvon Salaün

5. UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2017

€ thousands	**Notes**	**June 30, 2016 (1)**	**June 30, 2017**
Net sales	5	857,751	882,271
Cost of sales	5	(736,207)	(759,091)
Operating expenses:			
Fulfillment	6	(63,654)	(66,285)
Marketing	6	(14,220)	(21,392)
Technology and content	6	(26,260)	(33,498)
General and administrative	6	(20,622)	(18,982)
Operating profit before other costs		**(3,212)**	**(16,977)**
Other costs:			
Restructuring	7	(2,936)	(4,509)
Litigation	7	(2,483)	(1,834)
Initial public offering expenses		-	-
Gain / (loss) from disposal of non-current assets		-	-
Impairment of assets	7	(4,432)	(1,355)
Operating profit (loss)		**(13,063)**	**(24,674)**
Financial income	8	147	49
Financial expense	8	(19,473)	(17,732)
Profit (loss) before tax		**(32,389)**	**(42,357)**
Income tax gain (expense)	9	(2,753)	(1,117)
Net profit (loss) from continuing activities		**(35,142)**	**(43,474)**
Net profit (loss) from discontinuing activities	3	(133,019)	(3,682)
Net profit (loss) for the year		**(168,161)**	**(47,156)**
Attributable to Cnova equity owners		(162,949)	(46,975)
Attributable to non-controlling interests		(5,212)	(182)
Attributable to the owners continuing		(34,720)	(43,337)
Attributable to non-controlling interests continuing		(422)	(137)
Attributable to the owners discontinuing		(128,229)	(3,638)
Attributable to non-controlling interests discontinuing		(4,790)	(45)

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

In €	**June 30, 2016 (1)**	**June 30, 2017**
Basic earnings per share	(0.37)	(0.14)
Diluted earnings per share	(0.37)	(0.14)

(1) Refer to Note 3

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, 2016 AND 2017

€ thousands	**June 30, 2016 (1)**	**June 30, 2017**
Net income (loss) for the year	**(168,161)**	**(47,156)**
Items that may subsequently be recycled to profit		
Foreign currency translation	72,382	15
Available for sale financial assets	-	-
Items that may not be recycled to profit or loss		
Actuarial gains and losses	-	(6)
Non-controlling interests	-	-
Other comprehensive income (loss) for the year	**72,382**	**9**
Total comprehensive income (loss) for the year	**(95,779)**	**(47,147)**
Attributable to the equity holders of the Parent	*(106,027)*	*(46,961)*
Attributable to non-controlling interests	*10,248*	*(187)*

(1) Refer to Note 3

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, 2016 AND JUNE 30, 2017

€ thousands	December 31, 2016	June 30, 2017
ASSETS		
Cash and cash equivalents	15,264	16,891
Trade receivables, net	91,060	67,502
Inventories, net	224,834	379,420
Current income tax assets	1,336	1,306
Other current assets, net	346,220	80,742
Total current assets	**678,714**	**545,862**
Other non-current assets, net	4,590	4,125
Deferred tax assets	-	-
Property and equipment, net	15,329	17,240
Intangible assets, net	71,887	79,680
Goodwill	56,548	56,548
Total non-current assets	**148,354**	**157,593**
TOTAL ASSETS	**827,068**	**703,455**
EQUITY AND LIABILITIES		
Current provisions	6,817	7,207
Trade payables	576,601	410,474
Current financial debt	93,620	231,302
Current taxes liabilities	46,396	26,630
Other current liabilities	110,667	78,808
Total current liabilities	**834,102**	**754,421**
Non-current provisions	12,132	13,998
Non-current financial debt	-	-
Other non-current liabilities	2,080	3,341
Deferred tax liabilities	-	-
Total non-current liabilities	**14,212**	**17,339**
Share capital	17,225	17,225
Reserves, retained earnings and additional paid-in capital	(37,249)	(84,122)
Equity attributable to equity holders of the Parent	**(20,024)**	**(66,897)**
Non-controlling interests	**(1,221)**	**(1,408)**
Total equity	**(21,245)**	**(68,305)**
TOTAL EQUITY AND LIABILITIES	**827,068**	**703,455**

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, 2016 AND 2017

€ thousands	**June 30, 2016 (1)**	**June 30, 2017**
Net profit (loss) attributable to equity holders of the Parent	(34,720)	(43,337)
Net profit (loss) attributable to non-controlling interests	(422)	(137)
Net profit (loss) continuing for the year	**(35,142)**	**(43,474)**
Depreciation and amortization expenses	10,196	12,020
Expenses on share-based payment plans	99	32
(Gains) losses on disposal of non-current assets and impairment of assets	5,313	1,355
Other non-cash items	498	-
Financial expense, net	19,327	18,433
Current and deferred tax profit	2,753	1,117
Income tax paid	(1,022)	(19)
Change in operating working capital	(160,968)	(335,517)
Inventories of products	*10,524*	*(154,586)*
Trade payables	*(192,391)*	*(166,264)*
Trade receivables	*66,458*	*23,742*
Other	*(45,559)*	*(38,409)*
Net cash used in continuing operating activities	**(158,946)**	**(346,052)**
Net cash used in discontinued operating activities	**(333,209)**	**(9,458)**
Purchase of property and equipment and intangible assets	(15,032)	(21,535)
Purchase of non-current financial assets	(650)	(9)
Proceeds from disposal of property and equipment, intangible assets and non-current financial assets	476	41
Investments in entities	(3,043)	-
Changes in loans granted (including to related parties)	9	245,920
Net cash from continuing investing activities	**(18,240)**	**224,417**
Net cash from discontinued investing activities	**(9,562)**	**2,729**
Increase and decrease of capital of the holding company	-	-
Transaction with owners of non-controlling interests	-	(56)
Additions to financial debt	(6,809)	(1,190)
Repayments of financial debt	(6,574)	3,018
Change in loan received	195,624	155,621
Interest paid, net	(19,155)	(17,436)
Net cash from continuing financing activities	**163,086**	**139,957**
Net cash from discontinued financing activities	**101,612**	**(4)**
Effect of continuing changes in foreign currency translation adjustments	-	-
Effect of discontinued changes in foreign currency translation adjustments	37,004	(48)
Change in cash and cash equivalents from continuing activities	**(14,100)**	**18,322**
Change in cash and cash equivalents from discontinued activities	**(204,154)**	**(6,781)**
Cash and cash equivalents, net, at beginning of period	**391,836**	**4,243**
Cash and cash equivalents, net, at end of period	**173,580**	**15,783**

(1) Refer to Note 3

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, 2016 AND 2017

€ 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, 2015	**441,297,846**	**22,065**	**918,884**	**(564,550)**	**(270,126)**	**(773)**	**105,502**	**(7,430)**	**98,072**
Other comprehensive income (loss) for the year					56,922		56,922	15,460	72,382
Net profit (loss) for the period				(162,949)			(162,949)	(5,212)	(168,161)
Consolidated comprehensive income for the period	**-**	**-**	**-**	**(162,949)**	**56,922**	**-**	**(106,027)**	**10,248**	**(95,779)**
Share-based payments			(135)				(135)		(135)
Other movements							-		-
As of June 30, 2016	**441,297,846**	**22,065**	**918,749**	**(727,499)**	**(213,204)**	**(773)**	**(661)**	**2,818**	**2,157**
Other comprehensive income (loss) for the year					213,120	(581)	212,539	(15,599)	196,940
Net profit (loss) for the period				236,040			236,040	(887)	235,153
Consolidated comprehensive income for the period	**-**	**-**	**-**	**236,040**	**213,120**	**(581)**	**448,579**	**(16,486)**	**432,093**
Share-based payments			204				204		204
Decrease of share capital and shares exchange	(96,790,798)	(4,840)	(469,304)				(474,144)		(474,144)
Initial public offering expenses			(1,000)				(1,000)		(1,000)
Put on non-controlling interests at CD Colombia				7,360			7,360		7,360
Disposal of CD Colombia							-	3,563	3,563
Disposal of Asian subsidiaries							-	8,528	8,528
Closing of African subsidiaries				(83)			(83)	83	-
Purchase of minority interest in CD Group				(272)			(272)	272	-
Other movements				(7)			(7)	1	(6)
As of December 31, 2016	**344,507,048**	**17,225**	**448,649**	**(484,461)**	**(84)**	**(1,354)**	**(20,024)**	**(1,221)**	**(21,245)**
Other comprehensive income (loss) for the year					20	(6)	14	(5)	9
Net profit (loss) for the period				(46,975)			(46,975)	(182)	(47,156)
Consolidated comprehensive income for the period	**-**	**-**	**-**	**(46,975)**	**20**	**(6)**	**(46,961)**	**(187)**	**(47,147)**
Share-based payments			32				32		32
Other movements				56			56		56
As of June 30, 2017	**344,507,048**	**17,225**	**448,680**	**(531,380)**	**(64)**	**(1,360)**	**(66,898)**	**(1,407)**	**(68,305)**

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.

On June 4, 2014, the boards of directors of Casino Guichard-Perrachon S.A. (''Casino''), a public company in France, Companhia Brasileira de Distribuiçao (''CBD'' or ''GPA''), a controlled subsidiary of Casino and a public company in Brazil and in the United States, Via Varejo S.A. (''Via Varejo''), a controlled subsidiary of GPA and a public company in Brazil, Almacenes Éxito S.A. (''Exito''), a controlled subsidiary of Casino and a public company in Colombia have agreed the financial and legal conditions of the transfer of their respective eCommerce business, mainly operated by Cdiscount S.A. (''Cdiscount'') in France, by Nova Pontocom Comércio Eletrônico S.A. (''Nova Pontocom'') in Brazil under a newly incorporated Dutch holding company, Cnova N.V. (''Cnova''), and to list Cnova in the United States stock market, while retaining control of Cnova, which was completed on November 19, 2014. Subsequently, Cnova was listed on Euronext Paris on January 23, 2015.

As a preliminary step to this reorganization under common control (the ''Cnova reorganization''), GPA and Via Varejo, as controlling shareholders of Nova Pontocom, effected a contribution in kind of substantially all of Nova Pontocom's assets and liabilities related to its Brazilian eCommerce businesses to Cnova Comércio Eletrônico S.A., a new wholly owned Brazilian subsidiary (following such contribution, "Cnova Brazil") while retaining certain assets and liabilities in Nova Pontocom then renamed Nova Pontocom holding company. The Nova Pontocom reorganization was completed on July 21, 2014.
In the first half of 2016, it was concluded that Cnova should withdraw:

- from all international markets and focus solely on its most promising market, France. This resulted in the reorganization of Cnova Brazil within Via Varejo as well as the sale or disposal of remaining international activities;
- in France, from its specialty sites to focus on its large and core Cdiscount platform. These specialty sites proved to be a significant cash-flow drain and management distraction for a limited commercial opportunity.

In conjunction with its strategic decision to refocus its activities on Cdiscount in France, Cnova sold or disposed of the following international operations during 2016:

- in the 1st quarter, Cnova sold Cdiscount Thailand and Cdiscount Vietnam,
- in the 2nd quarter, Cnova closed the operations of Cdiscount Cameroon and Cdiscount Senegal,
- in the 3rd quarter, Cnova closed the operations and subsequently sold Cdiscount Colombia via a reduction of share capital at the end of the year, and
- in the 4th quarter, Cnova closed the operations of Cdiscount Ivory Coast.

The comprehensive impact in 2016 of the termination of the Cdiscount International operations (including the closing of the operations in Ecuador, Panama and Uruguay in 2015) generated a gain of €9 million, excluding €7.2 million of related restructuring costs in France.

As Cdiscount specialty sites proved to be a significant cash flow drain and management distraction for a limited commercial activity, they were progressively merged into the Cdiscount.com site between the 3rd quarter of 2015 and the 3rd quarter of 2016, except for MonShowroom which was sold to Monoprix for €19 million in 2015 (with a possible earn-out in 2018). These specialty website activities were not reported as a separate segment but included in the information on Cdiscount in France.

On October 31, 2016, the Company executed a reorganization agreement (the "Reorganization Agreement") with Via Varejo regarding the transfer of Cnova Brazil, to Via Varejo. As a result of the reorganization, Cnova received approximately 97 million of its own shares held by Via Varejo (21.9% of its share capital) as well as a cash consideration of approximately €12 million. In addition, Via Varejo has reimbursed a debt owed by Cnova Brazil to Cnova equivalent to approximately €146 million (the "2016 Reorganization"). This transaction generated a gain on disposal of €534 million.

With the 2016 Reorganization completion, Cnova is now entirely focused on Cdiscount, while Via Varejo has become the sole shareholder of Cnova Brazil and is no longer a shareholder of Cnova.

Separately, Casino launched on December 27, 2016, an offer to purchase the outstanding ordinary shares of Cnova from its public shareholders at a price of $5.50 per share. On January 31, 2017 Casino and Cnova announced the result of the tender offers launched by Casino on Cnova ordinary shares. According to the final results communicated to Casino, 31,728,136 Cnova

Shares have been tendered into the Offers (of which 16,760,610 to the U.S. Offer and 14,967,526 to the French Offer). As a consequence, Casino held (with the shareholdings of its subsidiaries), following the settlement of the Offers, 340,665,252 Cnova Shares representing 98.88 % of the share capital and 99.41 % of the voting rights of Cnova.

On March 3, 2017, Cnova voluntarily delisted from the NASDAQ Global Select Market and since that day Cnova reporting obligations to the SEC are suspended.

The Group now consists of leading eCommerce operations in France with headquarters in the Netherlands, listed on Euronext Paris.
The interim condensed consolidated financial statements of Cnova and its subsidiaries (collectively, the Group) for the six months ended June 30, 2017 were authorized for issue in accordance with the resolution of the Board of Directors on July 24, 2017.

Note 1 Basis of preparation and changes to Cnova accounting policies

The interim condensed consolidated financial statements for the six months ended June 30, 2017 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, 2014, 2015 and 2016 available on www.cnova.com website.

These financial statements are also prepared on a going-concern basis despite the negative equity of €68 million at June 30, 2017. This basis is supported by net cash and credit lines available.

Estimates and judgments are similar to those described in the audited consolidated financial statements as of December 31, 2016, with the addition of the related party transaction described in Note 12.

New standards, interpretations and amendments adopted by the Group

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, 2016, except for the adoption of new standards and interpretations effective as of January 1, 2017.

As required by IAS 34, the nature of these changes are disclosed below. These new standards, amendments and interpretations presented below have not yet been endorsed by the European Union and accordingly have not been early adopted by the Group. However it is anticipated that the will not have a material impact on its consolidated financial statements and will be applied on a prospective basis unless otherwise indicated.

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognized Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group will apply the amendments retrospectively. However, their application will have no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

- Annual Improvements Cycle - 2014-2016: amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group is notably analysing the impact of IFRS 15 "Revenues" and IFRS 16 "Leases" on its consolidated financial statements. IFRS 15 "Revenues" will be effective from January 1, 2018 and Cnova is not expecting significant impacts on its net result. IFRS 16 "Leases" will be effective from January 1, 2019 and will impact primarily the accounting for the Group's warehouses operating leases and will result in the recognition of almost all leases on the balance sheet. The Group has started an initial assessment of the potential impact on the Group's financial information. The Group has not yet decided as to the date of first application of the standard or to the method of transition: a retrospective simplified approach or a full retrospective approach.

Note 2 Earnings per share

Following the completion of the Cnova reorganization in 2016, the earnings per share disclosed in the consolidated financial statements are computed based on the number of the Cnova shares resulting from the retrospective accounting of the Cnova reorganization. Earnings per share for the half-year ended June 30, 2017 is €(0.14), which splits in €(0.13) for continuing operations and €(0.01) for discontinued activities.

€ thousands	June 30, 2016	June 30, 2017
Losses (gains) attributable to ordinary equity holders of the parent for basic earnings and adjusted for the effect of dilution(1)	(162,949)	(46,975)

	June 30, 2016	June 30, 2017
Weighted average number of ordinary shares for basic EPS including DSU (1)	**441,297,846**	**344,507,048**
Dilutive instruments	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	**441,297,846**	**344,507,048**

(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, 2016 and 2017.

Note 3 Business combinations, equity transactions and discontinued operations

From January 1, 2016 to June 30, 2016 and from January 1, 2017 and June 30, 2017, the Group did not enter into any business combination or equity transaction.

Note 3 to the audited consolidated financial statements for the year ended December 31, 2016 describes the operations which occurred during 2016:

- The purchase of the shares of Cnova Finança B.V. in October 2016 from Cnova Brazil for a price of €81,870 exclusively with a view to their subsequent disposal.
- Cnova classified as discontinued all the activities of its Cdiscount International reporting segment as the operations were sold or abandoned: Cdiscount Panama and Ecuador (abandoned 3rd quarter 2015), Cdiscount Thailand and Cdiscount Vietnam (sold 1st quarter 2016), Cdiscount Cameroon and Cdiscount Senegal (abandoned 2nd quarter

2016), Cdiscount Colombia (abandoned 3rd quarter 2016 and on November 30, 2016, Cnova disposed the entity through a share capital reduction, with Exito remaining the sole shareholder) and Cdiscount Ivory Cost (abandoned 4th quarter 2016).

- On October 31, 2016, Cnova transferred all its shares in Cnova Brazil to Via Varejo. As consideration for the 2016 Reorganization, Via Varejo has: (1) transferred to Cnova the 96,790,798 Cnova ordinary shares held by Via Varejo, which Cnova has then cancelled; (ii) caused Cnova Brazil to repay its loan from Cnova in the amount of approximately R$526.9 million (€146.0 million) and (iii) made a cash payment to Cnova, net of taxes, of R$43.4 million (€11.6 million).

As a result of these operations, the activity of Cnova is now exclusively focused on Cdiscount. Cnova reports as a consequence one operating segment, Cdiscount in France and one non-operating segment, Holdings.
The following table shows the impact of discontinued activities on the income statement for the 6 months ended June 30, 2016 in comparison with the income statements for this period included in the 2016 semi-annual report.

€ thousands	**June 30, 2016 From 2016 Semi-Annual Report**	**IFRS5 related to Cnova Brazil**	**IFRS5 related to Cdiscount International**	**June 30, 2016 Revised**
Net sales	1,404,420	(546,207)	(461)	857,751
Cost of sales	(1,225,457)	488,824	425	(736,207)
Operating expenses :				
Fulfillment	(129,766)	66,012	100	(63,654)
Marketing	(37,843)	23,592	31	(14,220)
Technology and content	(48,223)	21,736	227	(26,260)
General and administrative	(34,816)	13,901	293	(20,622)
Operating profit (loss) before other costs	**(71,684)**	**67,858**	**614**	**(3,212)**
Restructuring	(8,696)	3,878	1,882	(2,936)
Litigation	(43,407)	40,930	(6)	(2,483)
Initial public offering expenses	-	-	-	-
Gain / (loss) from disposal of non-current assets	(674)	82	592	-
Impairment of assets	(5,057)	-	625	(4,432)
Operating profit (loss)	**(129,516)**	**112,747**	**3,707**	**(13,063)**
Financial income	7,955	(324)	(7,484)	147
Financial expense	(53,597)	39,861	(5,737)	(19,473)
Profit (loss) before tax	**(175,158)**	**152,284**	**(9,516)**	**(32,389)**
Income tax gain (expense)	(3,308)	524	31	(2,753)
Net profit (loss) from continuing activities	**(178,466)**	**152,808**	**(9,484)**	**(35,142)**
Net profit (loss) from discontinuing activities	10,305	(152,808)	9,484	(133,019)
Net profit (loss) for the period	**(168,161)**	**-**	**-**	**(168,161)**
Attributable to the owners	(162,949)	-	-	(162,949)
Attributable to non-controlling interests	(5,212)	-	-	(5,212)
Attributable to the owners continuing	(177,901)	152,808	(9,627)	(34,720)
Attributable to non-controlling interests continuing	(565)	-	143	(422)
Attributable to the owners discontinuing	14,952	(152,808)	9,627	(128,229)
Attributable to non-controlling interests discontinuing	(4,647)	-	(143)	(4,790)

Impacts on cash flows for the first half 2016 from discontinued activities are the following:

€ thousands	International segment sold	International segment abandoned	Cnova Brazil	Total
Net cash from/(used) operating activities	(17,669)	21,218	(336,118)	(332,569)
Net cash from/(used) by investing activities	406	1,228	(11,196)	(9,562)
Net cash from/(used) by financing activities	7,119	229	80,986	88,334

First half 2016 result from discontinued activities is due to Cdiscount International (both disposed and abandoned) activities:

€ thousands	International segment
Net sales	-
Cost of sales	-
Operating expenses	(14)
Operating loss before other costs	**(14)**
Other operating costs	(2,815)
Operating loss	**(2,829)**
Financial net expense	(853)
Loss before tax	(3,682)
Income tax gain/(expense)	-
Net profit (loss) for the year (i)	**(3,862)**
Net profit/(loss) from discontinued activities	**(3,682)**

The following provides a breakdown by entity of the Net profit (loss) from discontinued activities:

€ thousands	% Interest	Net profit (loss) from discontinued activities
Cdiscount Afrique	100.00	(8)
CD Africa	85.00	5
Cdiscount Cameroun	85.00	41
Cdiscount Cote d'Ivoire	85.00	48
Cdiscount Senegal	85.00	(378)
Cdiscount Latam	70.00	-
Cdiscount Uruguay	70.00	(5)
Cdiscount Equateur	69.99	-
Cdiscount Panama	70.00	-
Holding costs	100.00	(3,385)
Total		**(3,682)**

Note 4 Seasonality of interim operations

The Group does not earn revenues and incur expenses evenly throughout the year, with a traditional peak demand around the end of the year. Additionally, the Group historically experiences higher sales volume during January and July, the two seasonal sales periods in the country.

Note 5 Breakdown of sales and cost of sales

Net sales

€ thousands	June 30, 2016	June 30, 2017
Product sales	736,127	751,172
Marketplace sales (commissions)	45,726	51,378
Other revenues	75,898	79,721
Net sales	**857,751**	**882,271**

Cost of sales

€ thousands	June 30, 2016	June 30, 2017
Purchases and shipping costs	(726,651)	(918,211)
Change in inventories	(9,556)	159,120
Cost of sales	**(736,207)**	**(759,091)**

The change in inventories is related to the strategic decision to increase our assortment of products as well has the new related party transaction described in Note 12.

Note 6 Expenses by nature and function

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	June 30, 2016
Employee benefits expense	(13,919)	(3,411)	(12,593)	(10,153)	(40,077)
Other expenses	(48,399)	(10,574)	(5,311)	(10,198)	(74,482)
Depreciation and amortization expense	(1,336)	(235)	(8,356)	(271)	(10,198)
Total as of June 30, 2016	**(63,654)**	**(14,220)**	**(26,260)**	**(20,622)**	**(124,756)**

€ thousands	Fulfillment	Marketing	Technology and content	General and administrative	June 30, 2017
Employee benefits expense	(16,278)	(4,181)	(14,118)	(7,847)	(42,424)
Other expenses	(48,656)	(17,073)	(9,149)	(10,839)	(85,716)
Depreciation and amortization expense	(1,352)	(138)	(10,231)	(296)	(12,018)
Total as of June 30, 2017	**(66,285)**	**(21,392)**	**(33,498)**	**(18,982)**	**(140,157)**

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

€ thousands	June 30, 2016	June 30, 2017
Operation of fulfillment centers	(25,357)	(23,011)
Payment processing	(7,536)	(13,687)
Customer service centers	(15,396)	(11,003)
Other fulfillment costs	(110)	(955)
Fulfillment costs	**(48,399)**	**(48,656)**
Online and offline marketing costs	(10,509)	(14,744)
Other marketing costs	(65)	(2,329)
Marketing costs	**(10,574)**	**(17,073)**
Technology infrastructure	(5,341)	(8,047)
Other technology and content costs	29	(1,102)
Technology and content costs	**(5,311)**	**(9,149)**

Note 7 Other operating costs

1. Restructuring costs

As of June 30, 2017, restructuring expenses were €4.5 million, consisting for €4.1 million to costs to reorganize strategically Cdiscount (including expansion of warehouses).

2. Litigation costs

As of June 30, 2017, litigation expense of €1.8 million consists of €1.6 million tax risk issues over property tax and VAT, and two disputes with suppliers for €0.1 million each.

3. Impairment of assets

As of June 30, 2017, we wrote-off discontinued IT development at Cdiscount for €1.4 million.

Note 8 Financial income and expense

€ thousands	June 30, 2016	June 30, 2017
Exchange gain	6	49
Other financial income	141	-
Total finance income	**147**	**49**
Exchange loss	(156)	(19)
Interest expense on borrowings	(597)	(464)
Costs related to sales of receivables	(17,881)	(17,015)
Other financial expense	(839)	(233)
Total finance expense	**(19,473)**	**(17,732)**

Interest on current accounts with Casino (included in caption "Other financial expenses") was €775 thousand as of June 30, 2016 and €177 thousand as of June 30, 2017.

Note 9 Taxes

Income tax expense

Analysis of income tax expense:

€ thousands	June 30, 2016	June 30, 2017
Current taxes	(1,993)	(4)
Other taxes on income (i)	(760)	(1,113)
Deferred taxes	-	-
Total income tax profit recognized in the income statement	**(2,753)**	**(1,117)**
Tax on other income recognized in ‘‘Other comprehensive income’’	-	-
Tax on other income recognized in ‘‘Total comprehensive income’’	**(2,753)**	**(1,117)**

(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, 2016	June 30, 2017
Loss before tax from continuing operations	**(32,389)**	**(42,357)**
	25%	**25%**
Income tax at the standard Dutch tax rate (25.00%)	**8,097**	**10,589**
Effect of tax rates in foreign entities	2,832	3,722
Unrecognized deferred taxed assets arising from tax loss of the period	(10,679)	(15,227)
Non-deductible expenses	(2,925)	-
CVAE Net of Income Tax	(498)	(730)
Non-taxation of CICE (i)	293	375
Other	127	154
Actual income tax credit / (expense)	**(2,753)**	**(1,117)**

(i) Competitiveness and employment tax credit (CICE) is a tax credit recognized by reducing employee expenses.

Note 10 Goodwill

As of June 30, 2017, 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 the current and former officers and directors, and the underwriters of our initial public offering, have been named as defendants in a securities class action lawsuit in the United States Federal District Court for the Southern District of New York asserting claims related to macro-economic situation in Brazil and emphasized by the irregularities identified at Cnova Brazil. Cnova may incur significant expenses (including, without limitation, substantial attorneys' fees and other professional advisor fees and obligations to indemnify certain current and former officers or directors and the underwriters of our initial public offering who are or may become parties to or involved in such matters). A reserve aiming to cover the estimated potential liability, the insurance deductible related to our insurances policies for such claims and some legal costs, has been provided.

In a separate potential action the SEC might take, sanctions might be imposed as a result of the facts at issue in the internal review conducted by the Company and its advisors retained by our board of directors.

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):

	December 31, 2016		June 30, 2017	
€ thousands	Transactions	Balance	Transactions	Balance
Loans due from Parent Companies	128,944	246,735	(243,121)	3,614
Receivables	(8,279)	25,063	(9,835)	15,228
Loan due to Parent Companies	64,272	65,382	155,464	220,846
Payables	(60,703)	15,409	17,765	33,174
Expense	133,885	-	132,526	-
Income	27,136	-	11,093	-

Other related party transactions

As of June 30, 2017, the related party transactions completed after (and consequently not disclosed in) our 2016 annual report is the following:

Cross-canal transaction with DCF (Distribution Casino France)

Under this agreement Cdiscount will become the Casino group multi-channel leader for technical (audio, video, telecommunication and IT products) and home products (including garden furniture). Cdiscount will continue to sell these products directly from its online store through direct shipment (at home or pick-up points) and will then allow customers to collect available products nearly immediately at Géant hypermarkets or Casino supermarkets based on local inventory, or via classic in-store sales. Géant hypermarkets and Casino supermarkets will benefit from Cdiscount experience and expertise in such goods (assortment, pricing, promotion and sales) and on the other hand Cdiscount will reinforce its assortment of goods and provide an additional convenient distribution channel. Cdiscount will define the supply strategy (inventory volume, coverage objective by reference and by store, etc.).

For goods sold via classic in-store sales, the pricing of the product sold by Cdiscount to DCF is based on the purchase price net of 3net rebates, which will be deemed the internal sales price plus a margin of 1.33% net of costs. In addition, the applicable internal sales price is adjusted in case of obsolescence impairment based on Cdiscount guidelines which will be invoiced on a semi-annual basis to DCF.

As part of this agreement, Cdiscount and DCF have agreed that Cdiscount would acquire the DCF inventory of those goods, which total value amounted to €68 million before taxes (or €82 million after taxes), of which €78 million including taxes was paid at end June 2017. Goods were acquired at the Casino internal sales price and with a discount calculated using Cdiscount obsolescence guidelines for products labelled as showing a degree of obsolescence.

The agreement as a one year term and is automatically renewable for successive one year periods unless terminated by either party with written notice sent 6 months prior to expiration of the initial period.

In accordance with IFRS, Cnova has to recognize the sales to the final customers through all canals (including classic in-store sales) as Cnova is acting as principal in this transaction, with the related margin of DCF, the agent, being recorded in fulfilment costs.

Note 13 Subsequent events

On July 5, 2017, Cnova acquired 60% of the share capital and voting rights of BeezUP S.A.S. with options to purchase the remaining 40% in 2020 or earlier under specific circumstances. Total price at that time will be less than €10 million.

BeezUP is a technical SAAS (service as a software) company producing services for marketplace vendors, and has developed a software program that enables to spread catalogue feeds and orders flow on a wide range of partner channels, which will enable Cnova to propose additional services and improve its marketplace platform. Cnova will allocate the purchase price to assets and liabilities when all necessary information is available.

6. RESPONSABILITY 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:

- The 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, 2017;
- The semi-annual report gives a true and fair view of the position as per the balance sheet date, the state of affairs during the first six months of the 2017 financial year of the Company and its affiliated companies included in the Company's consolidation;
- 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 faces.

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)

Stéphane Brunel (CFO)