

CNOVA N.V.
Third Quarter 2023 activity
Update on Conciliation Proceedings

In a demanding and uncertain environment with downward trends in High Tech & Home equipment categories, Cnova is pursuing its transformation towards a more profitable model.

This transformation leads to solid growth of Services revenues, notably linked to Marketplace (+1% vs. 22), Advertising (+8% vs. 22), B2C Services (+12% vs. 22) and B2B activities (x2 vs. 22)¹ unlocking a **Gross Margin rate increase of +7pts.**

Efficiency Plan of €90m SG&A and CAPEX annual savings vs. 21 is ahead of schedule and supports **continuous improvement of profitability and operational cash** in 3Q23 vs. 22.

Services revenues are growing both in B2C and B2B activities:

- **Marketplace revenues² growing +1%** vs. 22 (+29% vs. 19) at €46m driven by the Marketplace GMV back to growth in 3Q23 (+1% vs. 22, +9% vs. 19), standing at €336m and Marketplace GMV share reaching record level at 63% in 3Q23 (+10.6pts vs. 22, +23.1pts vs. 19)
- **Advertising revenues³ growing +8%** vs 22 (x2 vs. 19) at €18m, despite an overall decreasing GMV, driven by Retail Media (+11% vs. 22), mainly for Sellers (+29% vs. 22). Advertising GMV take rate stood at 4.0% in 3Q23 (+0.9pt vs. 22, +2.5pts vs. 19)
- **B2C Services GMV** showing a solid performance, standing at €38m in 3Q23 (+12% vs. 22), mostly thanks to Mobile (+54% vs. 22) and Travel activities (+5% vs. 22)
- **Octopia B2B revenues** growing +54% vs. 22 at €8m with 2 marketplaces launched in 3Q23 and sharp increase in Fulfilment-as-a-Service revenues (+44% vs. 22)
- **C-Logistics B2B revenues** multiplied by 4 vs. 22 at €5m, with a soaring number of shipped parcels for external clients (x6 vs. 22)

Overall GMV decreased by -14% in 3Q23 vs. 22 due to the decrease in **Direct Sales GMV**, linked to the model transformation (-35% vs. 22 at €198m) despite a **growing marketplace GMV** (+1% vs. 22, +9% vs. 19).

Continuous development of Cnova's ESG policy:

- "More sustainable products" SKUs: 18.6% of Cdiscount's Product GMV in 3Q23 (+5.0pts vs. 22)
- C-Logistics' decrease in energy consumption by -25% vs. last year (from January to August)

AMSTERDAM – October 26, 2023, 07:00 AM CET Cnova N.V. (Euronext Paris: CNV; ISIN: NL0010949392) ("Cnova") today announced its third quarter 2023 activity.

Thomas Métivier, Cnova's CEO, commented:

"Over the past three quarters, Cnova remained focused on its transformation plan to improve its profitability. Despite a difficult market environment, we delivered significant improvement of profitability and operational cash since the beginning of the year, especially thanks to the voluntary shift towards a marketplace-oriented model, the rationalization of our direct sales offer and the commitment of all our teams.

We have now reached a key milestone, with most of the Efficiency Plan behind us combined with our focus on streamlining our Cdiscount direct sales activity rather than growth. We are now expecting to return to more favorable underlying trends.

The 3rd quarter also paved the way for our 2024 ambitions with generative Artificial Intelligence initiatives, notably in terms of product catalog optimization and customer experience, already bringing significant improvements in our operational KPIs. Our B2B activities accelerate with the launch of 2 large-scale marketplaces for Octopia and the soaring number of parcels shipped by Octopia Fulfilment and C-Logistics notably for an international sportswear company."

¹ Marketplace, Advertising Services & B2B growth in terms of revenues; Direct Sales & B2C services growth in terms of GMV

² Incl. marketplace commissions after price discounts, subscription fee and revenues from services to sellers (marketing, etc.)

³ Incl. both revenues from marketing services to suppliers and sellers (the latter being also included in marketplace revenues)

Update on conciliation proceedings

It is recalled that on **May 25th, 2023**, the President of the Paris Commercial Court opened conciliation proceedings to the benefit of Cdiscount, Maas, C-Shield, C-Technology, C-Logistics, Carya and CLR for an initial period of four months and appointed SELARL BCM, represented by Eric Bauland and SCP BTSG², represented by Marc Sénéchal.

These conciliation proceedings are part of the more global restructuring proceedings initiated by Casino group, for the purpose of engaging in discussions with its creditors within a protective legal framework.

On **July 28th, 2023**, Casino group announced that it has, under the aegis of the conciliators and the *Comité Interministériel de restructuration industrielle* (CIRI), entered into an Agreement in Principle on July 27th 2023 with EP Global Commerce, Fimalac and Attestor (collectively named the “**Consortium**”) and creditors holding more than two-thirds of the Term Loan B, aiming at strengthening Casino group’s equity structure and restructuring its financial debt (the “**Agreement in Principle**”).

The Agreement in Principle has been approved by Casino’s Board of Directors. It provides for the conclusion by the parties and the other creditors supporting the Agreement in Principle of a binding **lock-up agreement** during September 2023.

The lock-up agreement, to which a signatory commits to support and take all steps and actions reasonably necessary to implement and consummate the group’s restructuring, allowed the opening of **accelerated safeguard proceedings** by October 2023 and the effective completion of all the restructuring operations during the course of the 1st quarter 2024.

On **September 18th, 2023**, the conciliators filed an application with the Paris Commercial Court for an **extension of the conciliation proceedings** until October 25th 2023. On September 22nd 2023, Cnova and its Board of Directors announced the **extension of the conciliation proceedings at Cdiscount level**, including Cdiscount, Maas, C-Shield, C-Technology, C-Logistics, Carya and CLR.

In the meantime, on **September 20th, 2023**, Casino group posted a presentation regarding the group’s updated 2024-28 Business Plan, which includes a degree of prudence regarding Cnova’s Business Plan.

On **September 29th, 2023**, Casino group announced the **extension of the deadline to enter into a lock-up agreement** with its creditors until October 3rd 2023.

On **October 5th, 2023**, Casino group announced that it has entered into a **lock-up agreement** relating to its financial restructuring, with the Consortium, creditors holding 75% of the Term Loan B1, main commercial banking groups and some of the creditors holding 92% of the RCF2, as well as holders of notes issued by Quatrim.

On **October 25th, 2023**, the Paris Commercial Court opened accelerated safeguard proceedings for the benefit of Casino, Guichard-Perrachon and certain of its subsidiaries⁴, for an initial period of two months, possibly renewable for a further two months up to a maximum total period of four months, in order to implement the restructuring plan of the Group in accordance with the terms of the lock-up agreement entered into on 5 October 2023 as part of conciliation proceedings.

On the same day, Cdiscount finalized the conclusion of a conciliation protocol with its core banking pool, under the aegis of the conciliators, SELARL BCM, represented by Eric Bauland and SCP BTSG², represented by Marc Sénéchal.

The main provisions of the conciliation protocol revolve around the reprofiling of the state-guaranteed loans (*prêts garantis par l’Etat*) repayment and the maintenance of overdraft facilities.

Cdiscount applied for an acknowledgment (*constatation*) of this conciliation protocol from the President of the Paris Commercial Court.

⁴ Casino Finance, Distribution Casino France, Casino Participations France, Quatrim, Ségisor, and Monoprix

Lastly, Cnova NV was informed that, on **October 24, 2023**, Casino, Guichard-Perrachon entered into a pledge agreement concerning all the shares it holds in Cnova NV (as well as the rights associated therewith) in favor of certain public creditors as security for the satisfaction by Casino Group of its payments obligations in connection with the protocol entered into between certain entities of the Casino Group and the French State whereby the French state has acknowledged the deferral of the payment by certain entities of the Casino Group of their tax and social security liabilities due between May and September 2023 (Cnova and its affiliates being not concerned by such deferral). Casino will continue to exercise all the rights associated with these shares (including voting rights), provided that upon occurrence of an event of default, the beneficiary of the pledge may decide to exercise the voting rights.

Third Quarter 2023 Key Figures

Financial performance (€m)	3Q22	3Q23	Change vs. 22
Total GMV	772.0	667.5	(13.5)%
Ecommerce platform	637.4	533.3	(16.3)%
o/w Marketplace	333.4	335.6	+0.7%
o/w Direct sales	304.0	197.7	(35.0)%
<i>Marketplace share</i>	<i>52.3%</i>	<i>62.9%</i>	<i>+10.6pts</i>
o/w B2C services	33.7	37.6	+11.7%
o/w Other revenues	77.5	71.5	(7.7)%
B2B activities	23.5	25.1	+6.9%
o/w Octopia B2B revenues	5.0	7.7	+54.0%
o/w Octopia Retail & Others	17.2	12.1	(29.5)%
o/w C-Logistics	1.3	5.3	x4
Total Net sales	373.0	280.7	(24.8)%

Third Quarter 2023 Highlights

GMV	3Q23 vs. 22
Total GMV evolution	(13.5)%
Marketplace GMV growth	+0.7%
Travel GMV growth	+4.8%
Mobile GMV growth	+53.8%
Octopia B2B revenues growth	+54.0%

In the 3rd quarter 2023, GMV decreased by -13.5% vs. 22. This year-on-year evolution was driven by:

- **Marketplace** contributing +0.3pt (+0.7% y-o-y) with mix evolving towards more marketplace revenues offset by reduction in marketing investments. Marketplace delivered +10.6pts in GMV share and Fulfilment by Cdiscount GMV share has increased by +3.0pts, standing at 41.1%
- **Direct sales** contributing -13.8pts (-35.0% y-o-y) following the voluntary transformation towards a marketplace-oriented model, mostly for non-technical goods with low margins. Over the 3rd quarter, direct sales were also impacted by lower marketing intensity and inventories rationalization for non-core product categories. All these actions led to an improvement of direct sales profitability for Technical Goods and Home Equipment categories in the 3rd quarter vs. 22

- **Advertising services** contributing +0.2pt (+7.8% y-o-y) mostly due to Retail Media (+11.3%)
- **B2C services** contributing +0.5pt (+11.7% y-o-y) thanks to Mobile (+53.8% vs. 22) and Travel activities (+4.8% vs. 22)
- **B2B activities** contributing +0.2pt (+6.9% y-o-y) with:
 - **C-Logistics B2B** contributing +0.5pt (x4 y-o-y) notably driven by an increasing number of shipped parcels for external clients
 - **Octopia B2B** contributing +0.4pt (+54.0% y-o-y) driven by Merchants-as-a-Service and Marketplace-as-a-Service (x3 vs. 22) and Fulfilment-as-a-Service (+44.3% vs. 22)

Marketplace	3Q23	vs. 2022
Marketplace Product GMV share	62.9%	+10.6pts
<i>Cdiscount express seller GMV share</i>	<i>12.6%</i>	<i>(1.9)pt</i>
<i>Fulfilment by Cdiscount GMV share</i>	<i>41.1%</i>	<i>+3.0pts</i>
Total Fulfilment + Express sellers GMV share	53.6%	+1.2pt
Marketplace revenues (€m)	46.1	+1.4%
Advertising services Product GMV take rate ⁵	4.0%	+0.9pt

Marketplace GMV posting a 35.6pts yoy growth differential against direct sales, slightly increasing by +0.7% vs. 22. Strong and regular customer satisfaction measured by the NPS led to a fast-increasing marketplace GMV share up to 62.9% in 3Q23. As part of this strategy, Fulfilment by Cdiscount and Express seller programs continued to be dynamic representing 53.6% of marketplace GMV in 3Q23 (+1.2pt vs. 22).

Clients	3Q23
Active clients over the last 12 months (#m)	7.8
CDAV subscriber base ⁶ (#m)	1.7
CDAV GMV share (%)	38.1%

Cnova's loyalty program, Cdiscount à Volonté (CDAV), represented 38.1% of total GMV as at the end of September 2023:

- Our loyalty program encompasses 1.7m members as at the end of September 2023, with a decreasing share of clients with free subscription
- To strengthen our customer loyalty, the share of fidelity actions dedicated to CDAV customers on total fidelity actions to all clients⁷ has increased by +22.8pts in 3Q23 vs. 22

⁵ Calculated as Advertising services revenues divided by Product GMV excluding VAT (Marketplace GMV excluding VAT + Direct sales GMV excluding VAT)

⁶ Subscriber base as of September 30th, 2023

⁷ Calculated as cash-back dedicated to CDAV customers divided by total discount coupons and cash-back provided to all clients

Net sales	3Q23 vs. 22
Net sales evolution	-24.8%

Net sales amounted to €280.7m (-24.8% decrease vs. 22). This decrease is primarily driven by:

- Declining direct sales revenues (-35.0%) in a difficult market for technical and equipment goods
- Partly offset by increasing Marketplace revenues (+1.4%), mostly driven by the voluntary mix shift towards marketplace especially for non-technical goods categories with negative margin, along with growing Advertising net sales (+7.8%)

Business highlights

In a difficult e-commerce environment, Marketplace growth is stabilizing:

- Marketplace GMV grew by +0.7% in 3Q23 vs. 22:
 - Marketplace GMV increased gradually over 2023 quarters: -3.6% in 1Q23 vs. 22, -2.5% in 2Q23 vs. 22 and +0.7% in 3Q23 vs. 22
 - Notably driven by home equipment and refurbished phones despite a context of challenging purchasing power
 - Marketplace GMV share stood at 62.9% in 3Q23 (+10.6pts vs. 22, +23.1pts vs. 19), confirming the mix evolution towards more Marketplace revenues
- Marketplace revenues amounted to €46.1m in 3Q23, increasing by +1.4% vs. 22 (+29.4% vs. 19) and leading to an improvement of Marketplace contributive margin
- Many new strategic partnerships were formed with Marketplace sellers, including companies specialized in childcare and domestic appliances
- Express delivery eligible marketplace SKUs expanded over the quarter:
 - Fulfilment by Cdiscount covered 41.1% of Marketplace GMV in 3Q23 (+3.0pts vs. 22)
 - Cdiscount Express Seller, launched in 2019 for sellers able to offer express delivery to CDAV customers, represented 12.6% of Marketplace GMV in 3Q23
- In the 3rd quarter 2023, Marketplace GMV was positively impacted by commercial initiatives undertaken by Cdiscount during *French Days* which occurred from September 26th to October 2nd and *Summer sales* which occurred from June 28th to August 1st. On a comparable basis, *French Days* and *Summer sales* jointly contributed +1.1pts on Marketplace GMV growth⁸

Direct sales were impacted by inventories close monitoring and promotion initiatives:

- Following the rationalization of its direct sales assortment marked by inventories optimization and destocking initiative focused on SKUs with the most unfavorable inventory turnover, Cnova is now focused on extending inventories with profitable products
- In order to boost conversion rate, Cnova has enlarged its personalized promotions panel based on customers' profiles

⁸ Marketplace GMV (before cancellation) generated during the first 18 days of Summer Sales + the first 4 days of French Days in 3Q23 compared to 3Q22

B2C Services GMV amounted to €37.6m in 3Q23, reaching a solid growth of +11.7% vs. 22, with **Cdiscount Voyages** (travel) GMV increasing by +4.8% vs. 22:

- Growth was mostly driven by Flights (+5.6% vs. 22) with an upturn from long-haul flights (Thailand by +72.7%, the United States of America by +26.2%, Canada by +36.1% and Brazil by +53.8%)

NPS is steady above 50, amongst the best satisfaction rates on the market, rewarding our focus on customers despite the financial constraints.

In a context of inflation and declining purchasing power, **Cnova keeps leveraging on payment facilities:**

- Pursuing the deployment of its in-house 4-installment payment solution, which accounts for more than 40% of GMV in the 3rd quarter 2023
- Innovating with a new partnership between Floa and specific brands such as Apple, Samsung and Sony with a 12 to 36-months installment payment solution with spot and forward trade-in options. This solution has proven its success with up to 25% of GMV for some brands and categories with an accretive margin contribution

Cnova is aiming to **generate more value, enrich customer experience and improve processes** through **Generative Artificial Intelligence-powered algorithms.**

In order to **improve its product catalog and increase marketability**, Cnova has launched several initiatives over the past few months:

- Product reclassification since the 1st semester 2023: increase by c. +30% in conversion for products reclassified through Generative Artificial Intelligence
- Deployment of 2 new use cases in the 3rd quarter 2023:
 - Product headlines and descriptives improvement: GMV increased by c. +3% for products with reviewed headlines and descriptives
 - Product features enrichment: c. +15% of product features improved by Generative Artificial Intelligence
- Launch of a customer chatbot dedicated to product before-sales in the 1st semester 2023

Cnova is also **developing Generative Artificial Intelligence to enhance process efficiency**, with more than 500 employees already using Artificial Intelligence on a daily basis:

- Deployment of coding supporting tools for all our data scientists and developers
- Testing of Generative Artificial Intelligence tools across all business lines and departments

Strong growth of Advertising services supported by Retail Media revenues:

- Advertising services revenues increased by +7.8% vs. 22, amounting to €17.7m in 3Q23, with GMV take rate standing at 4.0%, growing by +0.9pt vs. 22
- Advertising services growth is mainly supported by Retail Media (+11.3% vs. 22):
 - Advertising services to sellers showed a solid performance growing +29.3% in 3Q23 vs. 22
 - Retail Media share on Advertising revenues increased by +2.5pts, standing at 80% in 3Q23
- **Cdiscount Ads Retail Solution (CARS)** is key to Advertising services development: CARS share on total Advertising revenues grew by +5.7pts vs. 22, with sponsored products performing well in 3Q23 (+17.4% vs. 22) and revenues generated for 1,000 pages viewed increasing by +43% vs. 22

Octopia B2B business remains dynamic:

- Merchants-as-a-Service and Marketplace-as-a-Service B2B revenues have multiplied by x3 vs. 22
 - 2 marketplaces were launched in the 3rd quarter 2023, respectively for a childcare specialist and a consumer goods retailer
 - Since the end of December 2022, the number of sellers onboarded on Octopia's platforms have increased by +73%
- Fulfilment-as-a-Service B2B revenues have grown by +44.3% in 3Q23 vs. 22
 - In the 3rd quarter, a new warehouse partnership in the United Kingdom was formed, allowing Fulfilment-as-a-Service sellers to expand their business in the biggest European e-commerce market
 - Octopia has been selected by 2 new marketplace operators in France and in the United Kingdom to be their privileged logistic partner

C-Logistics B2B business pursues its growth. C-Logistics B2B revenues have grown by 4x compared to 3Q22, standing at €5.3m in 3Q23, mostly related to the growing number of shipped parcels for external clients (x6 vs. 22).

Since the successful launch of its third-party logistic solution for a European sportswear company in February 2023, C-Logistics has fulfilled approximately 558k parcels for its new client.

C-Logistics has undertaken actions to **rationalize its warehouses capacity to adapt to business level:** since January 2023, capacities have decreased by approximately 63k sqm (-12%). An additional warehouse will be closed before end of 2023.

Cnova continues its action plan in favor of a more sustainable e-commerce.

Cnova is **committed to promoting a more responsible consumption** through its direct sales and marketplace product offer. Actions carried out by Cdiscount and Octopia aiming to develop “*more sustainable products*” (e.g., developing the offer based on robust criteria, increasing their visibility and making them affordable) enable a continuous acceleration of this offer. “*More sustainable products*” accounted for 18.6% of Cdiscount’s Product GMV in 3Q23 (+5.0pts vs. 22). A new record was reached during *French Days* with “*More sustainable products*” up to 22.1% of Cdiscount’s Product GMV.

Cnova is also taking actions to reduce the impact of its operations:

- Cdiscount and C-Logistics use the experience gathered in the past years being actively engaged for a more sustainable logistics to contribute to several sectorial initiatives aiming at decarbonizing the e-commerce logistics and giving more information to consumer, among which the writing of an AFNOR SPEC “*E-commerce: information to consumers on the environmental impact of their delivery choice*” and the revised “*Sustainable e-commerce logistics charter*”
- C-Logistics pursued its ESG approach with several initiatives:
 - Reduction of greenhouse gas emissions generated by deliveries with alternative means of transportation for the last kilometers on light parcels increasing by 28% vs. 22, while the bulk loading increased by 31% vs. 22
 - Deployment of Kraft wrapping machines in one of C-Logistics’ warehouse mid-June 2023. This automatic packaging solution, which has gradually ramped-up during the summer, aims at supporting productivity and ESG initiatives, with the optimization of transportation volumes and the rationalization of goods consumption
 - Decrease in C-Logistics’ energy consumption by -25% vs. the same period last year (from January to August)

About Cnova N.V.

Cnova N.V., the French ecommerce leader, serves 7.8 million active customers via its state-of-the-art website, Cdiscount. Cnova N.V.'s product offering provides its B2C clients with a wide variety of very competitively priced goods, fast and customer-convenient delivery options, practical and innovative payment solutions as well as travel and entertainment services. Cnova N.V. also serves B2B clients internationally through Octopia (Marketplace-as-a-Service solutions), Cdiscount Advertising (advertising services for sellers and brands) and C-Logistics (end-to-end logistic ecommerce solution). Cnova N.V. is part of Casino group, a global diversified retailer. Cnova N.V.'s news releases are available at www.cnova.com. Information available on, or accessible through, the sites referenced above is not part of this press release.

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