Financial statements (unaudited)

Fnac Darty unaudited consolidated financial statements as of December 31, 2020 and 2019

Consolidated income statement for the years ended December 31, 2020 and 2019

(€ million)	Note	2020	2019
Income from ordinary activities	**4-5**	**7,490.7**	**7,348.6**
Cost of sales		(5,304.9)	(5,113.2)
Gross margin		**2,185.8**	**2,235.4**
Personnel expenses	6-7	(1,055.1)	(1,096.0)
Other current operating income and expense		(915.5)	(847.9)
Share of profit from equity associates	8	0.1	1.8
Current operating income	**9**	**215.3**	**293.3**
Other non-current operating income and expense	10	(15.9)	(28.6)
Operating income		**199.4**	**264.7**
Financial expense, net	11	(51.4)	(79.1)
Pre-tax income		**148.0**	**185.6**
Income tax	12	(59.6)	(71.5)
Net income from continuing operations		**88.4**	**114.1**
Group share		95.6	115.1
share attributable to non-controlling interests		(7.2)	(1.0)
Net income from discontinued operations	**31**	**(94.4)**	**(10.2)**
Group share		(94.4)	(10.2)
share attributable to non-controlling interests		0.0	0.0
Consolidated net income		**(6.0)**	**103.9**
Group share		1.2	104.9
share attributable to non-controlling interests		(7.2)	(1.0)
Net income, Group share		**1.2**	**104.9**
Earnings per share (€)	13	0.05	3.96
Diluted earnings per share (€)	13	0.04	3.92
Net income from continuing operations, Group share		**95.6**	**115.1**
Earnings per share (€)	13	3.61	4.34
Diluted earnings per share (€)	13	3.53	4.30

Consolidated comprehensive income statement

(€ million)	Note	2020	2019
Net income		**(6.0)**	**103.9**
Translation differences		1.3	(1.3)
Fair value of hedging instruments		(2.0)	(0.8)
Items that may be reclassified subsequently to profit or loss	**14**	**(0.7)**	**(2.1)**
Revaluation of net liabilities for defined benefit plans		(25.5)	(15.9)
Items that may not be reclassified subsequently to profit or loss	**14**	**(25.5)**	**(15.9)**
Other items of comprehensive income, after tax	**14**	**(26.2)**	**(18.0)**
Total comprehensive income		**(32.2)**	**85.9**
Group share		(25.0)	86.9
share attributable to non-controlling interests		(7.2)	(1.0)

Consolidated statement of financial position for the years ended December 31, 2020 and 2019

Assets

(€ million)	Note	2020	2019 restated*
Goodwill	15	1,654.3	1,654.1
Intangible assets	16	505.6	511.0
Property, plant & equipment	17	594.2	614.9
Right-of-use assets related to lease agreements	18	1,109.4	1,189.7
Investments in associates	8	0.1	21.4
Non-current financial assets	20	32.6	27.9
Deferred tax assets	12.2.2	67.3	82.7
Other non-current assets	24.2	0.0	0.1
Non-current assets		**3,963.5**	**4,101.8**
Inventories	22	960.2	1,079.4
Trade receivables	23	285.4	274.8
Tax receivables due	12.2.1	3.6	2.8
Other current financial assets	24.1	6.8	11.6
Other current assets	24.1	361.1	369.3
Cash and cash equivalents	21	1,568.7	995.5
Current assets		**3,185.8**	**2,733.4**
Assets held for sale	**31**	**0.0**	**200.6**
Total Assets		**7,149.3**	**7,035.8**

*Restated for the IFRIC's decision on IFRS 16 of December 16, 2019

Liabilities

(€ million)	Note	2020	2019 restated*
Share capital		26.6	26.5
Equity-related reserves		971.2	971.3
Translation reserves		(4.5)	(5.8)
Other reserves and net income		375.2	395.9
Shareholders' equity, Group share	**25**	**1,368.5**	**1,387.9**
Shareholders' equity – Share attributable to non-controlling interests	25	4.9	10.4
Shareholders' equity	**25**	**1,373.4**	**1,398.3**
Long-term borrowings and financial debt	28.1	901.9	936.4
Long-term leasing debt	28.2	884.1	967.0
Provisions for pensions and other equivalent benefits	26	205.9	176.7
Other non-current liabilities	24.2	124.4	189.5
Deferred tax liabilities	12.2.2	164.6	203.2
Non-current liabilities		**2,280.9**	**2,472.8**
Short-term borrowings and financial debt	28.1	552.9	77.0
Short-term leasing debt	28.2	229.7	212.3
Other current financial liabilities	24.1	13.0	18.2
Trade payables	24.1	1,784.4	1,888.7
Provisions	27	30.6	39.0
Tax liabilities payable	12.2.1	30.0	9.4
Other current liabilities	24.1	854.4	785.0
Current liabilities		**3,495.0**	**3,029.6**
Liabilities related to assets held for sale	**31**	**0.0**	**135.1**
Total Liabilities		**7,149.3**	**7,035.8**

*Restated for the IFRIC's decision on IFRS 16 of December 16, 2019

Consolidated cash flow statement as of December 31, 2020 and 2019

(€ million)	Note	2020	2019
Net income from continuing operations		**88.4**	**114.1**
Income and expense with no impact on cash		329.6	304.0
Cash flow	**30.1**	**418.0**	**418.1**
Financial interest income and expense		48.9	72.9
Dividends received		(0.2)	0.0
Net tax expense payable	12.1	77.8	79.4
Cash flow before tax, dividends and interest		**544.5**	**570.4**
Change in working capital requirement	24	67.2	51.8
Income tax paid		(65.5)	(70.4)
Net cash flows from operating activities	**30.1**	**546.2**	**551.8**
Acquisitions of intangible assets, property, plant & equipment		(108.0)	(147.0)
Disposals of intangible assets, property, plant & equipment		1.3	2.0
Acquisitions and disposals of subsidiaries net of cash acquired and transferred		(9.1)	(92.5)
Acquisitions of other financial assets		(1.3)	(1.4)
Interest and dividends received		0.2	0.0
Net cash flows from investing activities	30.2	**(116.9)**	**(238.9)**
Capital increase/(decrease)		0.0	7.1
Other transactions with shareholders		0.0	0.0
Purchases or sales of treasury shares		0.7	(21.0)
Dividends paid to shareholders		0.0	0.0
Bonds issued		500.0	650.0
Bonds repaid		(58.6)	(650.0)
Repayment of leasing debt	28.2	(225.2)	(212.8)
Interest paid on leasing debt	11	(21.9)	(21.1)
Increase in other financial debt		0.0	100.0
Redemption of other financial debt		0.0	(10.4)
Interest and equivalent payments		(25.2)	(45.8)
Financing of the Comet pension fund	30.4	(0.4)	(4.6)
Net cash flows from financing activities	**30.3**	**169.4**	**(208.6)**
Net cash flows from discontinued operations	31	(25.0)	(27.6)
Impact of changes in exchange rates		(0.5)	0.2
Net change in cash		**573.2**	**76.9**
Cash and cash equivalents at the beginning of the period	**21**	**995.5**	**918.6**
Cash and cash equivalents at the end of the period	**21**	**1,568.7**	**995.5**

Change in consolidated shareholders' equity as of December 31, 2020 and 2019

(€ million)	Number of shares outstanding [1]	Share capital	Equity-related reserves	Translation reserves	Other reserves and net income	Shareholders' equity		
						Group share	Non-controlling interests	Total
As of December 31, 2018	**26,605,439**	**26.6**	**984.4**	**(4.5)**	**247.0**	**1,253.5**	**7.5**	**1,261.0**
Total comprehensive income				**(1.3)**	**88.2**	**86.9**	**(1.0)**	**85.9**
Capital increase/(decrease)	(89,867)	(0.1)	(13.1)			**(13.2)**		**(13.2)**
Treasury stock					(0.6)	**(0.6)**		**(0.6)**
Valuation of share-based payments					7.7	**7.7**		**7.7**
Impact of first application of IFRS 16					(0.4)	**(0.4)**		**(0.4)**
Change in scope					55.7	**55.7**	3.7	**59.4**
Other movements					(1.7)	**(1.7)**	0.2	**(1.5)**
As of December 31, 2019	**26,515,572**	**26.5**	**971.3**	**(5.8)**	**395.9**	**1,387.9**	**10.4**	**1,398.3**
Total comprehensive income				**1.3**	**(26.3)**	**(25.0)**	**(7.2)**	**(32.2)**
Capital increase/(decrease)	92,999	0.1	(0.1)			**0.0**		**0.0**
Treasury stock					0.5	**0.5**		**0.5**
Valuation of share-based payments					8.1	**8.1**		**8.1**
Change in scope					(1.8)	**(1.8)**	1.8	**0.0**
Other movements					(1.2)	**(1.2)**	(0.1)	**(1.3)**
As of December 31, 2020 (1)	**26,608,571**	**26.6**	**971.2**	**(4.5)**	**375.2**	**1,368.5**	**4.9**	**1,373.4**

[1] €1 par value of shares.

Notes to the consolidated financial statements for the year ended December 31, 2020

5.2 Notes to the consolidated financial statements for the year ended December 31, 2020

Note 1 General information

1.1 General information

Fnac Darty, the parent company of the Group, is a French limited company (*société anonyme*) with a Board of Directors. Its registered office is at 9, rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine, France. The Company is registered under No. 055 800 296 with the Créteil Trade and Companies Registry. Fnac Darty is subject to all laws governing commercial companies in France, including the provisions of the French Commercial Code.

The consolidated financial statements as of December 31, 2020 reflect the financial position of Fnac Darty and its subsidiaries, as well as its interests in associates and joint ventures.

On February 23, 2021, the Board of Directors approved the consolidated financial statements for the year ended December 31, 2020. These statements are not final until they have been ratified by the General Meeting of Shareholders, scheduled for May 27, 2021.

1.2 Reporting context

Fnac Darty, comprising the Fnac Darty company and its subsidiaries (hereinafter referred to collectively as "Fnac Darty"), is a leader in the leisure and entertainment products, consumer electronics and domestic appliances retail market in France, and a major player in markets in other countries where it operates, including Spain, Portugal, Belgium, Luxembourg and Switzerland. Fnac Darty also has franchise operations in Morocco, Qatar, Ivory Coast, Cameroon, Congo and Tunisia.

The listing of Fnac Darty securities for trading on the Euronext Paris regulated stock exchange requires the establishment of consolidated financial statements according to the IFRS standards. The procedures for preparing these financial statements are described in Note 2 "Accounting principles and policies".

The Group's consolidated financial statements are presented in millions of euros. The tables in the financial statements use rounded figures. Arithmetic calculations performed on the basis of these rounded figures may differ from the line items or sub-totals shown.

Note 2 Accounting principles and policies

2.1 General principles and statement of compliance

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the Group's consolidated financial statements for 2020 have been prepared in accordance with international accounting standards as adopted by the European Union as of the period-end date of such financial statements. These standards were mandatory at that date, and the statements are presented with the comparative data for 2019, prepared on the same basis. Over the periods presented, the standards and interpretations adopted by the European Union are similar to the mandatory standards and interpretations published by the IASB (International Accounting Standards Board). Therefore, the Group's financial statements have been prepared in compliance with the standards and interpretations as published by the IASB.

The international standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), IFRIC (International Financial Reporting Interpretations Committee) interpretations and SIC (Standard Interpretation Committee) interpretations.

The consolidated financial statements presented do not take into account any standards and interpretations that, at period-end, were still at the exposure draft stage with the IASB and IFRIC, or standards whose application was not mandatory in 2020.

The reference year for the Group is January 1 to December 31.

The accounting principles used in preparing the annual consolidated financial statements are in line with those used for the previous annual consolidated financial statements with the exception, as applicable, of any standards and interpretations applicable to the Group that were adopted in the European Union on or after January 1 of the previous year (see Note 2.2 "IFRS guidelines applied").

The Group does not apply standards before the required date of application.

2.2 IFRS guidelines applied

2.2.1 Standards, amendments and interpretations that have been adopted by the European Union but are not mandatory for reporting periods beginning on or after January 1, 2020:

The IASB has published the following amendments and improvements, which the Group expects will have no material impact:

- **Amendments to IFRS 3: Definition of a Business,**
- **Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16: Interest Rate Benchmark Reform (IBOR) – Phase 2,**
- **Amendments to IAS 1 and IAS 8: Definition of Material,**
- **Amendments to References to the Conceptual Framework in IFRS standards.**

2.2.2 Standards, amendments and interpretations adopted by the European Union and mandatory for reporting periods beginning on or after January 1, 2020:

- **IFRS IC decision on IFRS 16 – Leases**

On December 16, 2019, the IFRS IC published a final decision on determining lease terms. In particular, the decision provides clarity on how to determine the enforceable period of a lease and on the consistency between the term applied in measuring the leasing debt and the useful life of non-removable leasehold improvements. This decision does not cover the determination of the useful life of non-removable leasehold improvements. The IFRS IC decision clarifies the concept of "penalty" used to determine the enforceable period of a lease under IFRS 16. The IFRS IC confirmed that a lease remains enforceable as long as either the lessee or the lessor might incur a more than insignificant penalty from terminating the lease, based on a broad interpretation of the concept of penalty, without limiting it just to contractual or monetary penalties. In this sense, automatically renewed leases and leases nearing expiration are affected.

According to the IFRS IC,

- The lease term must reflect the reasonably certain period during which the leased asset will be used. The enforceability of the lease must be considered not only from a legal point of view, but also an economic one.

- the term used in measuring the leasing debt must be consistent with the useful life of non-removable leasehold improvements. This does not impact the determination of the useful life of those leasehold improvements.

The initial lease terms were reviewed to account for this IFRS IC decision during the second half of 2020. This review led to the retrospective remeasurement of the leasing debt on January 1, 2019, with an offsetting right-of-use asset. The impact on the 2019 income statement is not material. All work done with respect to the application of the IFRS IC decision is detailed in Note 2.8 "Property, plant and equipment."

- **Amendment to IFRS 16 – COVID-19-related rent concessions**
  This amendment, published on May 28, 2020, applies to annual reporting periods beginning on or after June 1, 2020; early application is permitted, including in financial statements not yet authorized for issue at May 28, 2020. Conditionally, the amendment allows the lessee, to whom the lessor has granted COVID-19-related rent concessions, to elect to not carry out an assessment to decide whether such concessions are lease modifications, and to generally immediately recognize the concessions as negative variable lease payments in profit or loss.
  The Group decided to apply this amendment in the 2020 financial statements, and thus to acknowledge the impact of rent concessions on the income for the period.

2.2.3 Standards, amendments and interpretations not yet adopted by the European Union and mandatory for post-2020 reporting periods:

The IASB has also published the following amendments and improvements, which the Group expects will have no material impact:

- **IFRS 17: Insurance Contracts,**
- **Amendments to IFRS 3: Amendments to References to the Conceptual Framework**
- **Amendments to IAS 1: Classification of Liabilities as Current or Non-current,**
- **Amendments to IAS 16: Proceeds before intended use,**
- **Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract,**
- **Annual Improvements to IFRS Standards 2018-2020 Cycle.**

2.3. Bases for the preparation and presentation of the consolidated financial statements

2.3.1 Measurement basis

The consolidated financial statements were prepared according to the market value on the acquisition date, with the exception of:

- certain financial assets and liabilities, which were measured at fair value;
- defined benefit plan assets, which were measured at fair value;
- the proportion of securities held by a subsidiary or associate, which was measured at fair value at the moment of loss of control or significant influence; and
- non-current assets held for sale, which were measured and recognized at the lower of net book value or fair value

less cost to sell where their sale is considered highly probable. These assets cease to be amortized from the date of their qualification as assets (or group of assets) held for sale.

2.3.2 Use of estimates and assumptions

The preparation of consolidated financial statements requires the use of estimates and assumptions by the Group's management that can affect the book values of certain assets and liabilities, income and expenses, and information disclosed in the Notes to the financial statements. The Group's management reviews these estimates and assumptions on a regular basis in order to ensure their appropriateness in view of past experience and the current economic environment. Depending on changes in these assumptions, the items shown in the Group's future financial statements may differ from current estimates. The impact of changes in accounting estimates is recognized in the period when the change occurs and in all the future periods affected.

When exercising its judgment, the Group looks at its past experience and all available information considered critical in light of its environment and circumstances. The estimates and assumptions used are continually reexamined. Given the uncertainties inherent in any valuation process, it is possible that the final amounts included in the Group's future financial statements may differ from current estimates.

The main estimates made by the Group's management in preparing the financial statements concern: the valuation and useful lives of operating assets, property, plant and equipment, intangible assets and goodwill; the amount of the provisions for contingencies and other provisions relating to the business; as well as the assumptions used for the calculation of the obligations relating to employee benefits, share-based payments, deferred taxes, lease agreements and the fair values of financial instruments. In particular, the Group uses discount rate assumptions, based on market data, in order to estimate its long-term assets and liabilities.

The main estimates and assumptions used by the Group are detailed in the specific paragraphs in the Notes to the financial statements and especially in the following notes:

Estimate		Nature of the estimate

Notes 2.8, 18 and 28.2	Lease agreements	Assumption regarding the lease term used: To determine the lease term to be taken into account for each contract, a double approach has been adopted:
		
		- a contractual approach based on analysis of the contracts
		  ▪ for stores considered strategic or standard, the lease term used corresponds to the contractual end date of the lease, plus any renewal options available solely to the lessee
		  ▪ for stores considered non-strategic, the end date of the contract corresponds to the first possible exit option, with a minimum period of twelve months
		- an economic approach based on the classification of the underlying assets being leased, depending on the criteria of location, performance, commercial interest and in keeping with the amortization periods for non-transferable non-current assets.
		
		In practice:
		
		The economic approach recommended by the IFRS IC is applied to all lease contracts, and for each contract, results in:
		
		- either the maintenance of the contractual end date of the lease, as this reflects the reasonably certain remaining lease term
		
		- or the extension of the remaining term if it is deemed too short in relation to the reasonably certain lease term based on the economic approach.
		
		Assumption regarding discount rates: a rate schedule by maturity has been drawn up for each country. The discount rates are calculated using a Midswap index, by currency and by maturity, to which is added a spread (spread applied to the most recent Group borrowings + country risk premium + subsidiary rating). The maturity of the rate used depends on the duration of each lease agreement, which in turn depends on the payment profile. The maturity of the rates depends on the residual term of the contract up to its expiration, as from the date of the event.

Notes 2.9 and 22	Inventories	Inventories run-down forecasts for impairment calculations
Notes 2.10 and 19	Impairment tests on non-financial assets	Level of cash generating unit combination for impairment test Main assumptions used for the construction of value-in-use (discount rates, growth rates in perpetuity, anticipated cash flows) Assessment of the economic and financial context of the countries in which the Group operates

Note 2.11.3	Fair value of hedging derivatives	Fnac Darty measures the fair value of derivatives by using the valuations provided by financial institutions
Note 20	Non-current financial assets	Estimation of their realizable value, either according to calculation formulas based on market data or on the basis of private quotations
Notes 2.13 and 12	Tax	Assumptions used to recognize deferred tax assets related to tax loss carry-forwards and timing differences, as well as deferred tax rate assumptions
Notes 2.15 and 27	Provisions	Underlying assumptions for assessing the legal position and risk valuation
Notes 2.16 and 26	Employee benefits and similar payments	Discount rate and wage growth rate. The wage growth rate is based on historical observation and is in line with the Euro zone's long-term inflation targets
Notes 2.18 and 5	Income from ordinary activities	Spread of revenues related to sales of loyalty cards and sales of warranty extensions over the term for which services are rendered reflecting the schedule of benefits offered Recognition of income from ordinary activities in gross sales or commissions according to the analysis of the Group's involvement as principal or agent The main indicators for assessing involvement as agent or principal are: • Primary responsibility for performance of the contract • Exposure to inventories risk; and • Determination of the selling price
Note 2.19	Cost of merchandise sales	At period-end, a valuation of discounts and commercial services to be collected is conducted based on the contracts signed with suppliers. This valuation is based on the amount of the annual purchases, the quantities of articles purchased or other contract conditions, such as the reaching of thresholds or the growth in purchasing volume for discounts and the performance of services rendered to suppliers for commercial cooperation
Note 7	Performance-based compensation plans	Assumptions used to measure the fair value of allotted instruments (expected volatility, dividend yield, discount rate, expected turnover of beneficiaries), estimates of achievement of future performance conditions
Note 31	Non-current assets held for sale and discontinued operations	Assets held for sale are valued and recognized at the lower of their net book value and fair value minus cost of disposal

2.3.3 Cash flow statement

- The Fnac Darty cash flow statement has been prepared in accordance with IAS 7 using the indirect method based on the net income of the consolidated entity. It can be broken down into three categories:
- cash flows from operating activities (including tax-related cash flows);
- cash flows from investment activities (in particular, acquisitions and disposals of equity interests and non-current assets, excluding lease agreements); and
- cash flows from financing activities (in particular, the issuance and redemption of debt, share buybacks, dividend payments) and the repayment of the leasing debt and associated interest related to the application of IFRS 16.

The acquisition of an asset as part of a lease agreement has no impact on cash flow when setting up the transaction, as the latter is not monetary. However, the lease payments over the life of a lease are broken down into interest paid on the leasing debt and repayment of the leasing debt, both of which are recorded in cash flows from financing activities.

2.4 Principles of consolidation

The consolidated financial statements include the financial statements of companies acquired since the date of effective control and of companies sold until the effective date of loss of control.

2.4.1 Subsidiaries

The subsidiaries are all entities over which the Group exercises control.

Subsidiaries that are fully consolidated are those entities where the Group:

- has power over the entity in which it is invested;
- obtains or is entitled to obtain variable returns as a result of its links with the entity in which it has invested; or
- has the ability to exercise its power over the entity in which it has invested so as to influence the returns the Group obtains.

Control is presumed to exist when the Group has the power:

- over more than half of the voting rights under an agreement with other investors;
- to direct the financial and operating policy of the company under a contract;
- to name or dismiss the majority of the members of the Board of Directors or the equivalent governing body; or
- to cast a majority of the voting rights at the meetings of the Board of Directors or the equivalent governing body.

Reciprocal transactions, assets and liabilities between consolidated companies are eliminated. The results of internal transactions with controlled companies are fully eliminated.

The subsidiaries' accounting policies are adjusted as needed to ensure consistent treatment across the Group.

2.4.2 Equity associates

Fnac Darty exercises significant influence within certain companies, called associates. Significant influence means the power to participate in decisions affecting the company's financial and operating policies, without controlling or jointly controlling those policies. Significant influence is assumed when more than 20% of voting rights are held. Associates are recognized under the equity method. This method consists of recording an equity interest in equity associates in the consolidated statement of financial position on the date that the entity becomes an associate or partner in a joint venture. This equity interest is initially recognized at acquisition cost. After the acquisition date it is then adjusted by the Group's share in the undistributed comprehensive income of the entity concerned. These results may be further adjusted to comply with the Group's accounting principles. Goodwill relating to the Group's acquisition of an associate is included in the valuation of that equity associate's shares. Profit or loss due to remeasurement at fair value of the equity interest previously held (at the takeover of an equity associate) is recorded in "Share of profit from equity associates".

The goodwill of equity associates is included in the book value of the shares and is not presented separately. Therefore, it is not subject to a separate impairment test.

All companies consolidated under the equity method come under the Group's operating activities and are assigned to an operating segment. They are consolidated in the Group's internal reporting in accordance with IFRS 8, and the operating performance is monitored at the level of each business division to which they belong. The Group therefore considers it appropriate to recognize its share of the income of equity associates in its operating income.

2.4.3 Business combinations

The Group applies IFRS 3 (Revised) – Business Combinations.

Business combinations are recognized using the purchase method:

- Acquisition cost is measured at the fair value of the consideration transferred, including any price adjustment, on the date of takeover. Any subsequent change to the fair value of a price adjustment is recognized in income or other items of comprehensive income in accordance with applicable standards; and
- Any difference between the consideration transferred (acquisition price) and the fair value of the identifiable assets acquired and liabilities assumed on the date of takeover is recognized as goodwill on the asset side of the statement of financial position.

Adjustments to the projected fair value of identifiable assets acquired and liabilities assumed (adjustments resulting from statutory audits or additional analyses) are recognized as retrospective adjustments to goodwill if the adjustment occurs within one year following the acquisition date and if it results from facts and circumstances existing at the acquisition date. Impacts subsequent to this period are recognized directly in income, as is any change to an estimate.

For any takeover at less than 100% of share capital, the remaining component (non-controlling interests) is measured either:

- At fair value: in this case, goodwill is recognized for the percentage of the non-controlling equity interests (full goodwill method); or
- As a proportion of the identifiable net assets of the acquired entity: in this case, only the goodwill representing the acquired portion is recognized (partial goodwill method).

Costs directly attributable to the acquisition are recognized as non-current expenses over the period in which they are incurred.

Earn-out payments and other price adjustments relating to a business combination are measured at fair value as of the acquisition date even if the transaction is not considered to be probable.

If a business combination is undertaken in stages, the Group's prior stake in the acquired business is remeasured at the moment of takeover and is recognized at fair value in the income statement. To calculate goodwill at the point of takeover, the fair value of the transferred asset (for example, the price paid) is added to the fair value of the equity interest previously held by the Group. The carrying value of other items of comprehensive income previously recognized as an equity interest prior to takeover is reclassified to the income statement.

2.5 Translation of foreign currencies

2.5.1 Functional currency and reporting currency

The items included in the financial statements of each entity in the Group are measured using the currency of the main economic environment in which the entity operates ("functional currency"). The Group's financial statements are presented in euros, which is its reporting currency.

2.5.2 Recognition of transactions in foreign currencies

Transactions denominated in foreign currencies are recognized in the entity's functional currency at the exchange rate in force on the date of the transaction.

Cash items in foreign currencies are converted at each period-end using the closing rate. The foreign exchange differences resulting or arising from the settlement of these cash items are recognized as an income or expense for the period.

Non-cash items in foreign currencies valued at historic cost are converted at the exchange rate on the date of the transaction, and non-cash items in foreign currencies valued at fair value are converted at the rate on the date when the fair value was determined. When a profit or loss on a non-cash item is recognized directly in other items of comprehensive income, the "foreign exchange" component of this profit or loss is also recognized in other items of comprehensive income. In the opposite case, this component is recognized in income for the period.

The treatment of currency hedges as derivative instruments is described in paragraph 2.11.3 "Derivative instruments" of Note 2.11 "Financial assets and liabilities."

2.5.3 Translation of the financial statements of foreign entities

The Group's consolidated financial statements are presented in euros. The financial statements of each of the Group's consolidated companies are prepared in their respective functional currencies, i.e. the currency of the main economic environment in which the company operates and therefore the local currency. The financial statements of companies whose functional currency is not the euro are translated into euros as indicated below:

- Items on the statement of financial position are translated into euros on the basis of the applicable exchange rates at the period-end date;
- Items on the income statement are translated into euros using the average exchange rate over the reporting period provided this is not called into question by significant rate fluctuations; and
- Any difference between the translation of the statement of financial position at the closing rate and the translation of the income statement at the average exchange rate over the period is recognized in other items of comprehensive income, which may be reclassified subsequently to profit or loss on the translation differences line.

2.5.4 Net investment in a foreign entity

Foreign exchange differences recorded on the conversion of a net investment of a foreign entity are recognized in the consolidated financial statements as a separate component in the comprehensive income statement and are recognized in profit or loss on the date of loss of control.

Translation differences relating to borrowings in foreign currencies for an investment in a foreign currency or to permanent advances to subsidiaries are also recognized in the comprehensive income statement for the effective portion of the hedge, under other items of comprehensive income, and are recognized in profit or loss on disposal of the net investment.

2.6 Goodwill

Goodwill is recognized when businesses combine as described in Note 2.4.3.

As of the acquisition date, goodwill is allocated to cash generating units defined by the Group. After initial recognition, goodwill is not amortized. The cash generating units to which the goodwill is allocated are subject to an annual impairment test in the second half of the year and whenever events or circumstances indicate that a loss of value may occur. The impairment test for the period ended is described in Note 19.
Impairment is recognized under "Other non-current operating income and expense" on the income statement and is included in the Group's operating income.

2.7 Intangible assets

Intangible assets are primarily composed of brands. The entry value of all Group brands was determined using the Relief From Royalty method, which consists of measuring the discounted amount of the royalty savings (net of maintenance costs and taxes) the brands generate and corresponds to the fair value of the brands on the acquisition date. To the extent that the Group's brands constitute non-current assets with an indefinite life span, they are not amortized but are systematically tested for impairment each year and when there is evidence of impairment. The brands entered on the Group's balance sheet are: Darty and Vanden Borre, valued following the purchase of Darty; the WeFix brand, valued following the purchase of the subsidiary WeFix; the BilletReduc brand, valued in February 2019 following the acquisition of the subsidiary 123Billets, and the Nature & Découvertes brand, valued in August 2019 following the acquisition of the subsidiary Nature & Découvertes.

Intangible assets also include the relations with franchises, which represent the contracts signed with the Darty franchise stores valued at the time of the Darty acquisition. They are measured using the excess earnings method, which consists of calculating the discounted sum of the future operating margins attributable to them, after tax and return on supporting assets. Franchise relations constitute non-current assets with a defined life span and are amortized on a straight-line basis over their useful life.

Intangible assets also include software measured at acquisition or production cost.

Software acquired for current operations or developed internally by the Group that meets all the criteria defined in IAS 38 is amortized on a straight-line basis over a useful life of between one and eight years.

2.8 Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost less accumulated depreciation and impairment write-downs. The cost of property, plant and equipment includes expenses directly attributable to the acquisition of the asset.

The Group calculates depreciation for property, plant and equipment on a straight-line basis, based on the acquisition cost, over a period corresponding to the useful life of each asset item, which is eight to 20 years for fixtures and fittings and buildings, and three to 10 years for equipment.

Property, plant and equipment are subject to an impairment test whenever evidence of impairment is identified, such as a planned closure, reduction in the workforce or downward revision of market prospects. If the recoverable value of the asset is lower than its net book value, an impairment is recognized for it. If the recoverable value of the isolated asset cannot be precisely determined, the Group determines the recoverable value of the cash generating unit to which the asset belongs.

Treatment of leases under IFRS 16

Since January 1, 2019, the Group has applied IFRS 16 Leases.

IFRS 16 establishes the recognition of a right-of-use asset and a leasing debt upon implementation of each lease, with possible exceptions for short-term leases (with a term less than or equal to 12 months) and leases for low-value assets. Accordingly, a leasing debt is recognized in the balance sheet from the start of the lease at the discounted value of future payments. These leases are recorded under liabilities as "short-term leasing debt" and "long-term leasing debt," and under assets as "right-of-use assets related to leases." Right-of-use assets are depreciated over the term of the lease, which is generally the same as the enforceable period of the lease unless the term was extended according to an economic method that allows for determining the reasonably certain period of use.

The enforceable period for each lease is the maximum term for the lease and ends when the Group, as the lessee, and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty. During this enforceable period, the lease term is estimated according to non-cancelable period and whether the lessee is reasonably certain to exercise an option to extend or terminate the lease. It corresponds to:

- the period during which the lease cannot be terminated by the lessor, and to all renewal options available solely to the lessee. Within this enforceable term, the lease period used may be limited by the consideration, or not, of options to terminate lease agreements early based on economic criteria relating to the leased assets, in order to determine the lease periods that can be reasonably assured for each agreement. The economic criteria used to assess the exercise of lease renewal or early termination options by type of asset take into account the quality of the locations (premium or standard), the strategic nature of the store, and its profitability. Generally, the assessment criteria are based on the quality of the asset and the specific characteristics of the market and contracts.
- Per the economic approach recommended by the IFRS IC (decision of December 16, 2019), this term is estimated based on economic criteria that include the quality of the location, performance, and commercial interest and consistently with the depreciation of non-transferable non-current assets.

IFRS IC decision on IFRS 16 – Leases:

On December 16, 2019, the IFRS IC published a final decision on determining lease terms. In particular, the decision provides clarity on how to determine the enforceable period of a lease and on the consistency between the term applied in measuring the leasing debt and the useful life of non-removable leasehold improvements. The IFRS IC decision clarifies the concept of "penalty" used to determine the enforceable period of a lease under IFRS 16. The IFRS IC confirmed that a lease remains enforceable as long as either the lessee or the lessor might incur a more than insignificant penalty from terminating the lease, based on a broad interpretation of the concept of penalty, without limiting it just to contractual or monetary penalties. In this sense, automatically renewed leases and leases nearing expiration are affected.
According to the IFRS IC,

- The lease term must reflect the reasonably certain period during which the leased asset will be used. The enforceability of the lease must be considered not only from a legal point of view, but also an economic one.

- The term used in measuring the leasing debt must be consistent with the useful life of non-removable leasehold improvements.

The initial lease terms were reviewed to account for this IFRS IC decision during the second half of 2020. This review led to the retrospective remeasurement of the leasing debt on January 1, 2019, with an offsetting right-of-use asset.

The remeasurement amounted to €163.4 million as of December 31, 2019, mainly due to:

- Leases being automatically renewed for three years instead of one year, as previously;
- Current leases being extended on a case-by-case basis (for example, 3/6/9 leases in France) according to point-of-sale performance criteria and location quality.

This decision was applied because of a change in accounting method and led to the revaluation of the leasing debt on January 1, 2019.

In the income statement, amortization expenses are recognized in operating income and interest expenses in net financial income.

As of December 31, 2020, BCC's right-of-use assets and leasing debt were removed from the Group's consolidation scope following the sale of the Dutch subsidiary in November 2020. As of December 31, 2019, BCC's right-of-use assets and leasing debt were reclassified as assets and liabilities held for sale in accordance with IFRS 5.

The impact of the accounting policies and principles of IFRS 16 on the Group's consolidated financial statements is described below.

Definition of a lease

According to IFRS 16, a lease is considered to be any contract where the lessee can control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and the associated guidelines set out in IFRS 16 to all lease agreements entered into or amended on or after January 1, 2019 and to the lease agreements that were defined as leases under IAS 17. In order to prepare for the initial application of IFRS 16, the Group undertook a project to identify lease agreements. As a result, the definition of a lease according to IFRS 16 does not have a material impact on the scope of the agreements meeting the previous definition of a lease.

Impact on the accounting of the Group as a lessee

IFRS 16 changes the way in which the Group processed operating lease agreements under IAS 17, which were previously considered off-balance sheet commitments.

In the course of applying IFRS 16, for all leases (with the exception of those mentioned in the exemptions below), the Group:

- initially recognizes a leasing debt and a right-of-use asset, according to the discounted value of future lease payments;
- recognizes the amortization of the right-of-use asset and interest on the leasing debt in the income statement; and
- breaks down the cash flows paid out between the repayment of the principal (presented under financing activities in the line "Repayment of leasing debt") and the interest (presented under financing activities in the line "Interest paid on leasing debt") in the consolidated cash flow statement.

Exemptions and reductions:

For short-term lease agreements (less than or equal to 12 months) and lease agreements for low-value assets, the Group has chosen to apply the exception permitted under the standard and to recognize a lease expense. This expense is set out in "Other current operating income and expenses" in the consolidated income statement.

As a practical expedient, the Group opted not to apply IFRS 16 to lease agreements that were already defined as finance lease agreements under IAS 17, for leases concluded or amended before January 1, 2019. Finance lease liabilities are reclassified under leasing debt and finance lease assets under right-of-use assets.

In accordance with IFRS 16 guidelines, leasehold rights are reclassified under right-of-use assets.

With regard to sublease agreements, a sublease receivable was recognized against a reduction in the right-of-use asset and shareholders' equity.

In the case of leaseback transactions carried out at fair value, the Group's processing will be as follows:
- derecognition of the underlying asset;
- recognition of the sale at fair value;
- recognition of the income relating to the rights transferred to the buyer-lessor;

- recognition of an asset (right of use) for an amount equivalent to the previous book value of the underlying asset share retained; and
- recognition of a leasing debt.

The tax impact of restatements relating to the application of IFRS 16 is taken into account through the recognition of deferred taxes linked to the temporary difference arising from the faster reduction in the book value of the assets (amortization of the right-of-use asset) than that of the liabilities (repayment of debt capital).

Methods applied

Each agreement signed by the Group is analyzed in order to determine whether it is a lease according to the definition specified above (Definition of a lease). Consequently, when the Group is a lessee in a lease agreement, it recognizes a right-of-use asset and a corresponding leasing debt, with the exception of short-term leases (defined as leases shorter than or equal to 12 months) and leases with low-value underlying assets (less than USD 5,000). For these exempted lease agreements, the Group recognizes rents under operating expenses on a straight-line basis over the term of the lease, unless there is a different basis that is more representative of the recovery rate of the economic benefits of the leased assets. The leasing debt is originally valued at the current value of the remaining lease payments due, discounted at the implicit rate of the lease or, failing that, at the lessee's marginal interest rate.

The Group has set the discount rates on the basis of a marginal borrowing rate that reflects the specific characteristics of the entities that take out the lease agreements. This has made it possible to establish a rate schedule for each country. The discount rates by currency are calculated using a Midswap index, by currency and by maturity, to which is added a spread (spread applied to the most recent Group borrowings + country risk premium + subsidiary rating). The maturity of the rate used depends on the duration of each lease agreement, which in turn depends on the payment profile. The maturity of the rates depends on the residual term of the contract up to its expiration, as from the date of the event.

The lease payments included in the measurement of the leasing debt include:

- fixed lease payments (minimum guaranteed lease payment, including known links to a price index) after deduction of lessor's benefits;
- the amount that the lessee should pay as residual value guarantees;
- the exercise price of the call options, if the lessee is reasonably certain to exercise those options; and
- the payment of penalties for terminating the lease agreement, if any are set out in the agreement.

Variable lease payments that do not depend on an index or interest rate are not included in the measurement of the leasing debt or the right-of-use asset. The corresponding payments are recognized over the period and are included under operating expenses in the income statement. In accordance with IFRS 16, variable lease payments have not been included in the calculation of the liability.

The leasing debt is set out on a separate line in the consolidated balance sheet. The lease obligation is incremented by the share of capitalized interest on the lease agreement. It is then adjusted depending on the payments made.

The Group remeasures the leasing debt (and makes an adjustment corresponding to the assets on the associated right of use) when:

- the term of the lease changes (for example, when the lease is renewed) or there is a change in the estimated reasonably certain term in accordance with the economic approach taken, in which case the leasing debt is remeasured by discounting the revised lease payments at the updated discount rate; and
- lease payment change as a result of a change in an index or interest rate, following a change to the planned payment, or following the revaluation of the residual value guarantees. In such cases, the leasing debt is remeasured by discounting the revised rents from the lease agreement at the initial discount rate (unless the change in rent payments is due to an interest rate change, in which case a revised discount rate is used).

The assets associated with the right of use include the initial measurement of the leasing debt, which takes into account rents paid on and after the effective date, prepayments and the initial direct costs. They are then measured at initial cost less depreciation, amortization and impairment.

If there is a clause in the contract stating that the tenant undertakes, at the end of the term, to bear the costs of restoration, dismantling or collection of the leased asset, a provision is recognized either initially or subsequently and valued in accordance with IAS 37. Given the non-material nature of these costs, the Group did not include them in the valuation of the right-of-use asset.

The right-of-use asset is amortized over the term of the lease.

If a lease agreement sets out the transfer of ownership of the underlying asset or if the calculation of the right-of-use asset has taken into account the fact that the Group expects to exercise a purchase option, the right of use is amortized over the useful life of the asset. The amortization of the right-of-use asset begins on the date when the asset becomes available for use.

The assets associated with the right of use are set out on a separate line in the Group's consolidated balance sheet.

In practice, IFRS 16 allows the lessee not to distinguish between the various components linked to the same lease agreement and to recognize them together. The Group has chosen to distinguish between each underlying asset within the same contract.

The main estimates and assumptions used by the Group in respect of IFRS 16 are described under "Processing of lease agreements under IFRS 16" included in Note 2.8 "Property, plant and equipment." These relate to the determination of the lease term and the determination of the discount rates.

The impacts on the leasing debt and the right-of-use asset by flow, type of asset and maturity are presented in detail in Notes 18 and 28.2.

2.9 Inventories

Inventories is valued at the lower end of its cost and its net realizable value. The net realizable value is equal to the sale price estimated according to the age of the products, net of costs yet to be incurred to achieve the sale.

These inventories are valued in accordance with the weighted average cost per unit method.

Inventories include the purchase cost and other costs incurred to ship inventories in their current condition to their place of sale. Costs incurred mainly include variable logistics costs, parafiscal taxes, shipping costs and the provision for unknown markdowns between the last inventories date and period-end. The benefits obtained from suppliers and recognized as a deduction against the purchase cost of merchandise sold are deducted from the value of the inventories.

Finance costs are excluded from inventories. They are recognized as financial expenses in the year in which they are incurred.

The Group may need to record an impairment on inventories:

based on likelihood of disposal;

if they are partially damaged;

if they are completely obsolete; or

if the sale price is less than the net realizable value.

2.10 Impairment of non-financial assets

Goodwill, intangible assets with an indefinite useful life, and the cash generating units containing these elements are systematically tested annually for impairment in the second half of the year.

The cash generating units are operating entities that generate independent cash flows. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets. In practical terms, the cash generating units are the countries in which the Group has operating subsidiaries (France, Switzerland, Spain, Portugal, Belgium and Luxembourg).

In addition, when events or circumstances indicate that impairment is possible on goodwill; other intangible assets; property, plant and equipment; and cash generating units, an impairment test is performed. Such events or circumstances may be linked to material adverse changes affecting the economic environment, or assumptions or objectives used on the acquisition date.

An impairment test consists of determining whether the recoverable value of an asset or a cash generating unit is less than the net book value.

The recoverable value of an asset or a cash generating unit is the higher of its fair value less selling costs and its value-in-use.

Value-in-use is determined based on an estimate of expected future cash flows, taking into account the time value and specific risks related to the asset or the cash generating unit. Expected future cash flow projections are based on medium-term plans and budgets. These plans are based on a three-year period. For the value-in-use calculation, a terminal value equal to capitalization in perpetuity of a normative annual cash flow is added to the value of expected future cash flows. The fair value minus the costs to sell corresponds to the amount that could be obtained from the sale of the asset or group of assets under normal competition conditions between well-informed and consenting parties, minus the costs of disposal. It is determined from market information (comparison with similar listed companies, value attributed in recent transactions and share prices).

When the recoverable value of the asset or cash generating unit is lower than its net book value, an impairment is recognized for the asset or group of assets.

In the case of a cash generating unit, the impairment is first assigned to goodwill, if applicable, and is recorded under “Other non-current operating income and expense” in the income statement.

Impairment recognized for property, plant and equipment and other intangible assets may be written back eventually if the recoverable value becomes higher than the net book value. Impairment recognized for goodwill cannot be written back.

In the event of a partial sale of a cash generating unit, the income from disposal is calculated by including within the elements sold the portion of goodwill corresponding to those elements. In order to assign the portion of goodwill to the elements sold, the IFRS standards propose using the values related to the operations sold and retained, unless the entity demonstrates that another method better reflects the portion of goodwill sold.

Consideration of the application of IFRS 16 in impairment tests:

The recoverability of the right-of-use asset is tested as soon as events or environmental modifications on the market indicate an impairment risk for the asset. The provisions for the implementation of the impairment tests are identical to those for intangible assets and property, plant and equipment as described in Notes 2.6, 2.7 and 2.8. For the impairment tests as of December 31, 2020, the Group chose to apply the practical reduction in which the value to be tested includes the right-of-use assets deducted from the leasing debt. The business plan projections, the terminal value and the discount rate are determined in accordance with the position before the application of IFRS 16. The business plan projections, the terminal value and the discount rate do not account for the application of IFRS 16.

2.11 Financial assets and liabilities

Financial assets and liabilities are recorded upon initial recognition in the balance sheet at their fair value.

All these instruments are disclosed in Note 34.

2.11.1 Financial assets

IFRS 9 presents a new model for classifying and measuring financial assets, based on the contractual characteristics of cash flows and the economic model for managing these assets. The four categories provided under IAS 39 for the classification of financial assets have been replaced by the following three categories:

- Financial assets at fair value through profit or loss:

This category includes all debt instruments that cannot be classified as financial assets measured at amortized cost or as financial assets measured at fair value through other comprehensive income. It also includes investments in equity instruments for which the option of fair value recognition through other comprehensive income has not been selected.

These assets are valued at fair value; changes in their value are recorded in the net financial income.

Purchases and sales of financial assets are recognized on the transaction date, i.e. the date on which the Group committed to the purchase or sale of the asset.

A financial asset is derecognized if the contractual rights to the cash flows related to the financial asset expire or if the asset is transferred.

Financial assets recognized at fair value are:

– debt instruments that are not measured at amortized cost or at fair value through other items of comprehensive income,

– equity instruments that are held on a speculative basis, or

– equity instruments for which the option of fair value recognition through other items of comprehensive income has not been selected by the company;

- Financial assets at amortized cost:

Financial assets measured at amortized cost are debt instruments (in particular loans and receivables) whose contractual cash flows consist solely of payments representing principal and interest on the principal and whose management model consists in holding the instrument in order to collect the contractual cash flows.

These assets are recognized at fair value initially, then at amortized cost using the effective interest rate method. For short-term debts without a reported interest rate, the fair value is equivalent to the amount of the original invoice.

These assets are impaired according to the expected loss model.

The Group classifies its financial assets at amortized cost only if the following two criteria are met:

➢ Financial assets are held as part of a management model designed to collect contractual cash flows,

And

➢ The contractual cash flows consist solely of payments of principal and interest (the SPPI criterion).

- Financial assets recognized at fair value through other items of comprehensive income:

These assets are debt instruments whose contractual cash flows consist solely of payments representing the principal and the interest on the principal and whose management model consists in holding the instrument both to collect the contractual cash flows and to sell the assets. They are valued at fair value. Changes in fair value are recognized in other items of comprehensive income under “changes in fair value of debt instruments measured at fair value through other comprehensive income” until the derecognition of the underlying assets, at which time they are transferred to the income statement.

This category also includes investments in equity instruments (mainly shares) using the irrevocable option. In this case, upon disposal of the securities, the unrealized gains or losses previously recognized in equity (other items of comprehensive income) will not be reclassified to income; only the dividends will be recognized in the income statement.

This category includes non-consolidated equity investments for which the option of fair value recognition through other comprehensive income has been selected.

Fair value for listed securities corresponds to a market price. The fair value of unlisted securities is primarily determined by reference to recent transactions or by valuation techniques using reliable and observable market data. However, where there are no observable market data on comparable companies, the fair value of unlisted securities is most often measured on the basis of discounted cash flow projections or the adjusted NAV, determined using internal inputs (level 3 in the fair value hierarchy).

The financial assets recognized at fair value through other items of comprehensive income are:

- Equity instruments that are not held on a speculative basis and which the company irrevocably opted at the outset to recognize in this category. These are strategic investments and the Group considers this classification to be more appropriate; and
- Debt instruments whose contractual cash flows consist solely of interest and principal repayment flows and whose management objective is to collect the contractual flows and sell the assets.

2.11.2 Financial liabilities

The measurement of financial liabilities depends on their classification under IFRS 9. For the Group, borrowings and financial debts, trade payables and other payables are recognized initially at their fair value minus transaction costs, then at amortized cost using the effective interest rate method.

The effective interest rate is calculated for each transaction and corresponds to the rate that enables the net book value of a financial liability to be obtained by discounting estimated future cash flows paid until maturity or until the date closest to the day on which the next price at the market interest rate is determined. This calculation includes transaction costs and any premiums and/or discounts that may apply. The costs of transactions correspond to costs that are directly associated with the acquisition or issue of a financial liability.

Financial liabilities qualified as hedged items for hedging relations at fair value and valued at amortized cost are subject to a net book value adjustment for the hedged risk.

Hedging relationships are detailed in section 2.11.3 “Derivative instruments.”

Financial liabilities designated at fair value on options, other than derivative liabilities, are valued at fair value. Changes in fair value are recognized in the income statement except for changes in fair value caused by a change in Fnac Darty’s credit spread, which is recognized in other items of comprehensive income. Transaction costs connected with the establishment of these financial liabilities are recognized immediately as an expense.

Concerning the amendment to IAS 39, IFRS 9 and IFRS 7 “Interest Rate Benchmark Reform,” the Group’s hedging relationships are not affected by Phase 1 of the amendment. The Group is following discussions in this regard, in particular on Phase 2, which deals with changes to agreements made necessary by the implementation of the reform and will thus impact all IBOR-indexed instruments.

2.11.3 Derivative instruments

In the normal course of business, the Group may need to use various financial instruments to reduce its exposure to currency risk.

Derivative instruments are recognized on the balance sheet under other current and non-current assets and liabilities depending on their maturity and their accounting qualification (hedged or unhedged), and are valued at their fair value on the transaction date. Changes in the fair value of derivative instruments are recognized on the income statement, except in the case of cash flow and net investment hedges for the effective portion.

Derivative instruments that are designated as hedging instruments are classified by category of hedge according to the nature of the hedged risks. As of December 31, 2020, Fnac Darty only had cash flow hedging derivatives in its portfolio. These derivatives are used to hedge the risk of changes in cash flows associated with recognized assets or liabilities or a highly probable planned transaction that could affect the consolidated income statement;

Hedge accounting is applicable if, and only if, the following conditions are met:

- the hedging relationship consists solely of items eligible for hedge accounting;
- a hedging relationship is clearly identified, formalized and documented from the date of its inception;
- the hedging relationship meets the criteria for effectiveness:
  - economic relationship between the hedged item and the hedge,
  - no preponderance of credit risk in the change in fair value of the hedging item and the hedged item, and
  - the hedging ratio of the hedging relationship is equal to the ratio between the quantity of the hedged item that is hedged by the entity and the quantity of the hedging instrument that the entity uses to hedge that quantity of the hedged item.

The accounting treatment of financial instruments qualified as hedging instruments, and their impact on the income statement and the balance sheet, is differentiated according to the type of hedging relationship:

As of December 31, 2020, the only derivatives Fnac Darty had in its portfolio were forward currency derivatives used to hedge commercial transactions, which qualified as cash flow hedges.

- The effective portion of the change in fair value of the hedging instrument is recorded directly as an offsetting entry to other items of comprehensive income. These amounts are reclassified to the income statement in line with the method of accounting for the hedged items, i.e., as gross margin for hedges of commercial transactions;
- The ineffective portion of the hedge is recognized in the income statement;
- On the other hand, Fnac Darty considers the cost of hedging currency risk as a cost related to the hedged transaction. As a result, the change in the interest rate component of forward currency hedges is recognized in other comprehensive income and reclassified to the income statement in line with the method of accounting treatment for the hedged items, i.e., as gross margin for commercial transaction hedges.

2.11.4 Cash and cash equivalents

“Cash and cash equivalents” on the asset side of the consolidated balance sheet comprise liquid assets, money-market UCITS, short-term investments and other liquid and readily convertible instruments that have a negligible risk of fluctuation in value and mature within three months or less of the acquisition date.

Investments with a term of more than three months and frozen or pledged bank accounts are not included in cash. Bank overdrafts appear under financial debt on the liabilities side of the balance sheet.

In the cash flow statement, “Cash and cash equivalents” includes accrued interest not yet due on assets appearing under cash and cash equivalents and bank overdrafts. The cash flow statement is explained in detail in Note 27.

2.11.5 Net financial debt

The Group’s net financial debt includes:

- cash and cash equivalents (see 2.11.4);
- short-term and long-term loans, and bank overdrafts: this item essentially includes the bonds maturing in 2024 and 2026, the medium-term credit facility, the loan from the European Investment Bank and the state-guaranteed loan (Note 28); and

- since January 1, 2019 following the application of IFRS 16, net financial debt includes leasing debt related to operating lease agreements.

2.12 Share-based payments

Share-based transactions payable in cash

Performance-based compensation plans, with cash settlement, were allotted by the Group to employees. In accordance with IFRS 2 – Share-based Payment, the fair value of these plans, corresponding to the fair value of the instruments delivered, is measured on the allotment date, then remeasured at each period-end. The mathematical models used for these measurements are described in Note 7.

During the vesting period, the fair value of the commitment calculated in this way is spread over the vesting period. This expense is recorded in personnel expenses and offset against a payable to personnel. The change in the fair value of the amount payable is recorded in the income statement for each year.

Share-based transactions paid in equity instruments

Performance-based compensation plans, with settlement in equity instruments, were allotted by the Group to employees. In accordance with IFRS 2 – Share-based Payment, the fair value of these plans, corresponding to the fair value of the instruments delivered, is measured on the allotment date with no further remeasurement. The mathematical models used for these measurements are described in Note 7.

During the vesting period, the fair value of the options and bonus shares calculated in this way is spread over the vesting period. This expense is recorded in personnel expenses and offset against an increase in shareholders' equity.

2.13 Income tax

The tax expense for the year consists of current tax and deferred tax.

Deferred tax is calculated according to the balance sheet liability method for all timing differences between the book value on the consolidated balance sheet and the taxable value of assets and liabilities, except for goodwill, which is not tax deductible. Deferred tax is valued according to how the Group expects to recover or settle the book value of the assets and liabilities using the enacted or substantively enacted tax rate at the period-end date.

Deferred tax assets and liabilities are not discounted and are classified on the balance sheet as non-current assets and liabilities.

A deferred tax asset is recognized on deductible timing differences and for the carry-forward of tax losses and tax credits.

Deferred tax assets are recognized only if it seems probable that the Group will have future taxable profits against which these assets can be charged.

The impact of changes in the tax rate for deferred taxes is recognized in income.

The likelihood of recovering deferred tax assets is reviewed periodically per tax entity and may, if applicable, lead to the derecognition of deferred tax assets previously recorded. The likelihood of recovery is analyzed on the basis of fiscal planning in terms of projected future taxable income. The taxable income included at this stage is the income received over a two-year period. The assumptions used in fiscal planning are consistent with those used in the medium-term budgets and planning prepared by the Group's entities and approved by senior management. Tax payables and tax credit receivables on projected dividend payments by Group companies are recorded in the income statement.

A deferred tax liability is recognized on taxable timing differences that relate to investments in subsidiaries, associates and joint ventures, unless the Group is able to control the date when the timing difference will reverse and if it is probable that it will not reverse in the foreseeable future.

In the Group's opinion, corporate value-added tax (CVAE), a levy assessed on a company's added value, meets the definition of a tax as defined in IAS 12. It is therefore presented in the income statement under income tax.

IFRIC 23 clarifies the application of the provisions of IAS 12 – Income Taxes relating to recognition and measurement when there is uncertainty over a tax treatment. To this end, the IFRIC 23 interpretation sets out a single uniform method for recognizing tax risks. In 2019, the Group standardized its tax risk recognition process, implementing standardized procedures for communication between the subsidiaries of all tax jurisdictions and the Group's Tax Department. Under the new process, if an uncertain tax position is likely not to be accepted by the tax authorities, this situation will be reflected in the financial statements in tax payable or deferred taxes. On the transition date and as of December 31, 2019, uncertain tax positions were assessed in accordance with the new standards and, at the end of this assessment, no new risks were detected. From the transition date onward, all uncertain tax positions are presented as tax expenses in the income statement, and as taxes payable or deferred on the balance sheet.

2.14 Treasury stock and other equity instruments

The Group may hold some of its own shares by virtue of a liquidity agreement whose chief purpose is to promote liquidity for transactions and stabilize the share price. Treasury stock is recognized as a deduction from shareholders' equity at its acquisition cost. Any profits or losses on the purchase, sale, issue or cancellation of treasury stock are recognized directly in shareholders' equity with no impact on the income statement.

The amount of cash used in connection with this contract is specified in Note 21.

The liquidity agreement and the share buyback program do not provide for any obligation to buy back treasury stock at the end of the period.

2.15 Provisions

Provisions for litigation, disputes and miscellaneous contingencies are recognized as soon as a current obligation caused by a past event arises, if said obligation is likely to lead to the outflow of resources representing economic benefits whose amount can be reliably estimated. To estimate provisions for a dispute, the Group assesses the probability of an unfavorable judgment and makes an estimate of the amounts concerned. This assessment is based on legal analyses conducted with the Group's lawyers.

The amount recognized for provisions with a maturity of over one year represents the best estimate of the expenditure required to settle the present obligation at period-end. The discount rate used reflects the current assessments of the time value of money and the specific risks related to the liability concerned.

A provision for restructuring is constituted as soon as there is a formalized and detailed plan for this restructuring and it has been announced or implementation has commenced before period-end. The restructuring costs recorded in provisions correspond mainly to employee-related costs (severance pay, early retirement, pay in lieu of notice, etc.) and compensation for termination of contracts with third parties. Other provisions correspond to specifically identified risks and expenses.

2.16 Post-employment benefits and other long-term employee benefits

Depending on the laws and practices in each country, Group companies provide various types of benefits for their employees.

For defined contribution plans, the Group has no obligation to make supplementary payments over and above the contributions already paid to a fund if that fund does not have sufficient assets to serve the benefits corresponding to services rendered by employees during the current and previous periods. For these plans, contributions are recorded as an expense when they are incurred.

For defined benefit plans, liabilities are measured using the projected unit credit method based on agreements in place in each company. According to this method, each benefits period generates an additional unit of rights to benefits, and each unit is measured separately to obtain the final obligation. The present value of the obligation is then discounted. The actuarial assumptions used to calculate the liabilities vary according to the economic conditions of the country in which the plan is based. The liabilities under these plans and end-of-service payments are actuarially calculated by independent actuaries each year for the largest plans and at regular intervals for the other plans. These calculations principally take into account the level of future compensation, the probable length of employees' service, life expectancy and staff turnover.

Actuarial gains and losses arise from changes in assumptions and the difference between the results estimated according to actuarial assumptions and actual results. These differences are recognized immediately as other items of comprehensive income (and are never recorded as profit or loss) for all actuarial differences relating to defined benefit plans, except for long-service awards where the actuarial differences are recognized in the income statement.

The cost of past benefits, namely the increase of an obligation following the introduction of a new plan or adjustment to an existing plan or the decrease of an obligation following the reduction of a plan, is recognized immediately in the income statement even if the rights to the benefit have not been vested for the employees.

The expenses for this type of plan are recognized in current operating income (costs of benefits rendered) and in net financial income (net interest on the net liability or asset calculated based on a discount rate determined by reference to the level of obligations of companies deemed of high quality). Payments and costs of past benefits are recognized as current operating income. Reductions are recognized as current operating income in the case of departures of employees who are replaced and as non-current operating income for departing employees who are not replaced. The provision recognized on the balance sheet corresponds to the discounted value of the commitments thus calculated, after the fair value of the plans' assets have been deducted.

2.17 Non-current assets (or group of assets) held for sale and discontinued operations

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations requires specific recognition and presentation of the assets (or group of assets) held for sale and discontinued operations that have been or are being sold.

Non-current assets or a directly linked group of assets and liabilities are considered as held for sale if their book value will be recovered mainly through their sale rather than continuing use. This definition applies if the asset (or group of assets) is available for immediate sale and if such sale is highly probable. Non-current assets (or group of assets) held for sale are valued and recognized at the lower of their net book value and fair value minus costs of disposal. These assets cease to be amortized from the date of their qualification as assets (or group of assets) held for sale. They appear on a separate line on the Group's balance sheet, with no restatement for past periods.

A discontinued operation that was sold or is held for sale is defined as a component of the Group that has separate cash flows from the rest of the Group and that represents a principal and distinct business line or region. Over the reported periods, the income from these activities is presented on a separate line in the income statement, under "Discontinued operations," and is restated in the cash flow statement.

2.18 Recognition of income from ordinary activities

Income from ordinary activities consists of pre-tax revenue and other revenues.
Pre-tax revenue corresponds to revenue generated in stores, on e-commerce sites (sales to end customers) and in warehouses (sales to franchises).
Other revenues consist of ticketing activities, the sale of gift boxes, certain warranty extensions and internet sales generated on behalf of suppliers (Marketplaces).

- Recognition of revenue and other revenues

Revenue from in-store sales, which represents the bulk of the Group's revenue, is recognized at the time of customers' checkout transactions in accordance with IFRS 15. Transfer of control occurs when the goods and services are transferred to the customers. Sales do not include any other performance obligations that have not been fulfilled at that date. When in-store sales are accompanied by a right of return, the conditions for exercising this right are limited to certain categories of products and are time-limited in accordance with the regulations of the countries concerned and/or in accordance with the Group's general terms and conditions of sale. In this case, a provision for return of merchandise is recorded.
E-commerce sales consist both of revenue from sales made on the Group's e-commerce sites (direct sales) and of commissions received for e-commerce sales made by the Group on behalf of third parties (Marketplaces). The Group acts as the principal for sales it makes on its own behalf on the Group's e-commerce sites (direct sales). Revenue from direct sales is recognized when delivery has taken place (date of transfer of control of the goods sold).
As with in-store sales of goods, direct e-commerce sales are subject to a right of return, the exercise of which is time-limited.

For sales in Marketplaces, the Group acts as an agent; the revenues recognized correspond to fees invoiced to suppliers for the sales made.
Revenue from sales to the franchises is recognized when delivery has taken place (date of transfer of control of the goods sold).
The accounting treatment of franchise fees is governed by the specific provisions of IFRS 15 on licenses of intellectual property (right of access license).

- Recognition of customer loyalty programs

The sale of a good or service accompanied by the awarding of loyalty points constitutes a contract comprising two distinct "performance obligations":

- a good or service delivered immediately; and
- a right to receive goods or services at a reduced price in the future.

The amount received for the sale is allocated between the two "performance obligations" in proportion to their respective specific selling prices and recognized as a deduction from the initial sale, after taking into account an expiration rate corresponding to the probability of use of the benefits by the members, estimated according to a statistical method.

Revenues consist primarily of the sale of merchandise and services provided by the Group's stores and e-commerce websites, the sale of merchandise to the franchises and franchise fees, which are recognized in net revenue when the services are provided. As from 2015, income from breakage of gift vouchers and cards are recognized in income from ordinary activities at the time that the cards and vouchers are issued.

Customer loyalty programs and the benefits customers receive as part of the loyalty programs are considered separate from the initial sale. These benefits are valued at their fair value and recognized as a deduction from the original sale, after the application of a redemption rate corresponding to the probability that the member will use the benefit, estimated using a statistical model.

Income from the sale of loyalty cards is spread over the validity period of the cards, reflecting the schedule of benefits offered.

Sales of goods are recognized when a Group entity has transferred control of a good to the buyer. Control is generally transferred at the moment of delivery, when the amount of income can be measured reliably and collection of the amount is reasonably certain.

Following the sale of goods, and depending on the contractual clauses attached to these sales, liabilities may be recognized as a reduction in the income from ordinary activities, in order to allow for any return of merchandise that could take place after period-end.

The provision of services, such as sales of warranty extensions or services related directly to the sale of the goods, is recognized in the period in which the services are rendered. If the Group entity acts as an agent in the sale of these services, the revenue is recognized at the time of the sale and corresponds to the margin generated or the commission received. This mainly concerns ticketing activities, the sale of gift boxes, certain warranty extensions and internet sales generated on behalf of suppliers (Marketplaces).

In general, as part of its activity, the Group offers its customers new products and services in conjunction with partners throughout the year. The Agent/Principal analysis is carried out in accordance with IFRS 15 for each new product and service proposed. The table below summarizes the Agent/Principal analysis of the main products and services proposed by the Group in conjunction with partners:

	Agent	Principal
Internet / Store		
Marketplace	x	
Photo developing	x	
E-books	x	
Games & software downloads	According to service provider	
Gift cards (banner)		x
Gift cards (non-banner)	x	
Custom kitchens		x
Ticketing		
Sale of tickets	x	
Sale of event cancellation insurance	x	
Boxed sets		
Gift boxes	x	
Additional services		
Sales of warranties or warranty extensions (Fnac)	x	
Sale of warranties or warranty extensions (Darty)		x
Sale of insurance	x	
Second-hand products		
Second-hand products		x
Subscriptions		
Energy & telecoms	x	
Darty MAX		x
Other services		
Out-of-warranty repair services		x
Delivery	x	
Training	x	
After-sales service		x

2.19 Operating income

Operating income includes all the income and costs directly related to Group operations, whether the income and expenses are recurrent or whether they result from one-off operations or decisions.

The cost of merchandise sales includes, among other items, purchases net of discounts and commercial services, which are measured on the basis of contracts signed with the suppliers and result in the invoicing of installment payments during the year. At period-end, a valuation of discounts and commercial services to be collected is conducted based on the contracts signed with suppliers. This valuation is primarily based on total annual purchases, quantities of articles purchased or other contract conditions, such as thresholds reached or growth in purchasing volumes for discounts and the performance of services rendered to suppliers for commercial cooperation.

For the reader's benefit, unusual and material items at Group level are identified under operating income as "Other non-current operating income and expense."

Other non-current operating income and expense, excluding current operating income, includes:

- Restructuring costs and costs relating to staff adjustment measures;
- Impairment on capitalized assets identified primarily in the context of impairment tests on cash generating units (CGU) and goodwill;
- Gains or losses linked to changes in the scope of consolidation (acquisition or disposal); and
- Major disputes that do not arise from the Group's operating activities.

2.20 Earnings per share

Net earnings per share are calculated by dividing the net income, Group share by the weighted average number of shares outstanding during the period.

Diluted net earnings per share are calculated by dividing the net income, Group share for the period by the average number of shares outstanding plus all instruments giving deferred access to the capital of the consolidating company, whether these were issued by it or by one of its subsidiaries. The dilution is determined for each instrument.

2.21 Operating segments

In accordance with IFRS 8 – Operating Segments, the segment information presented is established on the basis of internal management data used to analyze the performance of activities and the allocation of resources by the Chief Executive Officer and the Executive Committee members, who constitute the Group's principal decision-making body.

An operating segment is a distinct component of the Group that is engaged in activities likely to generate income and incur expenses, whose operating income is regularly reviewed by the operating decision-making body and for which separate information is available. Each operating segment is individually monitored in terms of internal reporting, according to performance indicators common to all segments.

The segments presented in segment information are operating segments or combinations of operating segments. They correspond to countries or geographical regions composed of several countries in which the Group conducts its operations through stores:

- France and Switzerland: this segment is composed of the Group's activities managed from France. These activities are carried out in France and French territories, Switzerland and Monaco. This segment also includes the franchises in Morocco, Qatar, Ivory Coast, Luxembourg, Cameroon, the Congo and Tunisia. The France and Switzerland segment includes the activity of Nature & Découvertes France and its international subsidiaries, all of which are managed from France;

- Iberian Peninsula: this segment consists of Group activities performed and grouped in Spain and Portugal; and

- Belgium and Luxembourg: this segment consists of Group activities managed from Belgium and grouped in Belgium and Luxembourg.

The new operating segments reflect the Group's structure.

The management data used to evaluate the performance of a segment are established in accordance with the IFRS principles applied by the Group for its consolidated financial statements.

Note 3 Highlights

The year 2020 was marked by the COVID-19 health crisis. During the first lockdown period (from March 15, 2020 to May 10, 2020), almost the entire store network was shut down, while during the second lockdown period (from October 29, 2020 to November 28, 2020), online or click & collect sales were available for all products. Fnac Darty noted the positions taken by the ESMA and AMF and decided not to record the full cost of the health crisis under non-current expense. Consequently, in the first half of 2020, the Group recorded under non-current expense only non-recurring incremental costs directly related to the first lockdown period. These costs correspond to the installation of hygiene barriers in stores and all exceptional bonuses paid to employees who worked during the lockdown period in the Group's warehouses to fulfill online orders. Altogether they amounted to €5.8 million in the first half of 2020. In second-half 2020, no additional costs related to the health crisis were recorded under non-current expense.

Store closures related to the health crisis led the Group to renegotiate its leases and obtain temporary rent concessions during the lockdown period.
In accordance with the amendment to IFRS 16 published by the IASB on May 28, 2020, the reductions negotiated in connection with the health crisis were recognized for the period concerned.

In April 2020 Fnac Darty signed a €500-million loan agreement, guaranteed by the French government, with a consortium of French banks. Obtained under the state-guaranteed loan program related to the COVID-19 crisis, the loan is designed to safeguard the Group's liquidity and ensure business resumption. This state-guaranteed loan, 70% of which is guaranteed by the French government, has a one-year maturity with an option to extend for a further five years (to April 2026). This new financing means that Fnac Darty is supported by leading French banking institutions in a context of unprecedented crisis. The Group therefore has a solid financing structure, balanced between bank borrowings and bonds. The financing also means the Group will have a significantly more secure cash position. In addition to the above, the Group increased the amount of its short-term negotiable debt instrument program from €300 million to €400 million. The program was unused at the annual balance sheet date.

Under IAS 36 (Impairment of Assets), each cash generating unit (CGU) and its assets with an indefinite life are required to be tested for impairment. The test must be carried out at least once a year on a set date or at any time if there is evidence of impairment. Because there were indications of impairment following the health crisis that began in the early part of the year, in the first half of 2020 the Group updated the last impairment tests performed at the 2019 financial statements period-end date. The result of the updated tests was a €14.2-million impairment for the Darty brand, which had been valued at €301.7 million in 2016 when Darty was acquired. Darty's net carrying amount in the Group's financial statements is now €287.5 million. Prior to these impairment tests, the Group had performed profitability tests on all its stores. The store tests did not result in any impairment.
In second-half 2020, the Group performed a new annual impairment test on each cash generating unit (CGU) and its non-current assets with an indefinite life. For the annual tests, all financial and operating assumptions were updated.
Cash flow projections were made in November 2020 based on new forecasts that take account of the impact of the health crisis in 2020 and on medium-term plans over a three-year period that tie in with the Group's strategic plan. Following this new test, no further impairment was recorded other than that of the Darty brand identified in the first half of 2020.

On November 25, 2020, Fnac Darty closed the sale of 100% of its Dutch subsidiary BCC, a specialist in electronics and household appliances in the Netherlands, pursuant to the terms announced on September 28, 2020 and after obtaining the necessary authorizations from the regulatory authorities and competent employee representative bodies. The Group's 2019 and 2020 financial statements present the Dutch branch under discontinued operations, in accordance with IFRS 5.

On December 27, 2019, Fnac Darty signed a firm and irrevocable letter of intent for the sale to Crédit Agricole Consumer Finance of all shares of the Ménafinance joint venture held by Fnac Darty, i.e., 50% of the shares of Ménafinance. As of December 31, 2019, the sale was still conditional upon obtaining prior authorization from the French Prudential Supervision and Resolution Authority of Banque de France, expected in the first half of 2020. Following its competitive analysis, the Authority authorized the transaction on June 18, 2020 with no restrictions.

Changes in the scope of consolidation:

In 2020, the Group acquired WeFix shares under a promise of sale representing 19% of WeFix's equity. As a result of this acquisition, the Group now has a 69% stake in WeFix.

Also in 2020, the four Nature & Découvertes stores in Germany closed.

Lastly, Dutch subsidiary BCC was removed from the Group's scope of consolidation on November 25, 2020 after it was sold in its entirety.

Note 4 Operating segments

The information on operating segments follows the same accounting rules as those used for the consolidated financial statements, described in the Notes to the financial statements.

The assessment of the performance of each operating segment, as used by the main operating decision-maker, is based on current operating income.

Income and expense with no impact on cash mainly includes current and non-current additions and reversals of depreciation and amortization and provisions for non-current assets, and provisions for contingencies and expenses.

Acquisitions of intangible assets and property, plant and equipment correspond to acquisitions of non-current assets including changes in payables on non-current assets. They do not include capital investments under a finance lease agreement.

Non-current segment assets consist of goodwill and other intangible assets, property, plant and equipment, and other non-current assets. Segment assets consist of non-current segment assets, inventories, trade receivables, customer loans and other current assets. Segment liabilities consist of the financing for customer loans, trade payables and other current liabilities.

The operating segments break down as follows:

- France and Switzerland: this segment is composed of the Group's activities managed from France. These activities are carried out in France and French territories, Switzerland and Monaco. This segment also includes the franchises in Morocco, Qatar, Ivory Coast, Luxembourg, Cameroon, the Congo and Tunisia. The France and Switzerland segment includes the activity of Nature & Découvertes France and its international subsidiaries, all of which are managed from France;
- Iberian Peninsula: this segment consists of Group activities performed and grouped in Spain and Portugal; and
- Belgium and Luxembourg: this segment consists of Group activities managed from Belgium and grouped in Belgium and Luxembourg.

The new operating segments reflect the Group's structure.

4.1 Information by operating segment

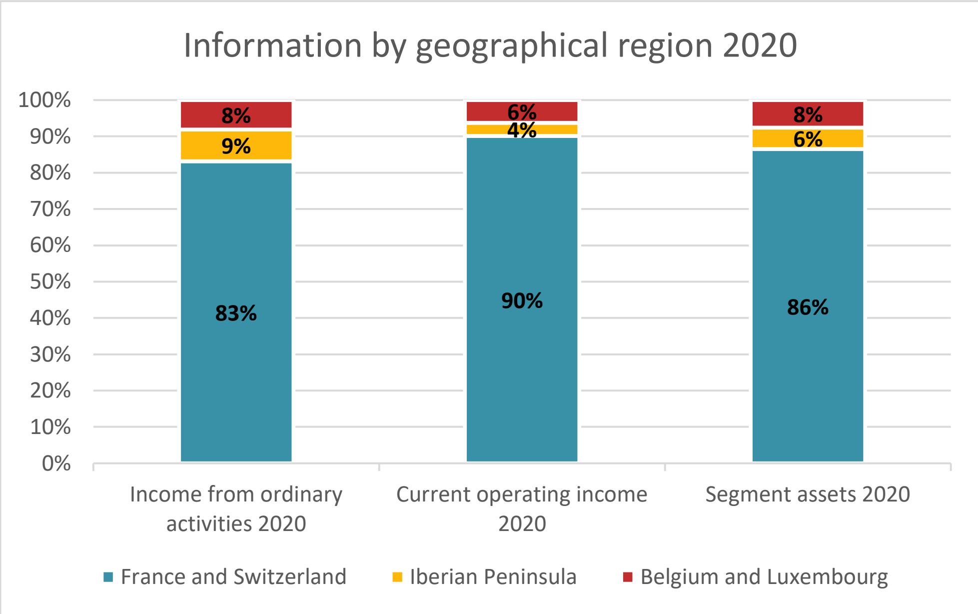
(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
December 31, 2020				
Income from ordinary activities	**6,228.0**	**653.8**	**608.9**	**7,490.7**
- Consumer electronics	2,987.8	401.3	316.7	**3,705.8**
- Editorial products	937.6	172.3	48.1	**1,158.0**
- Domestic appliances	1,432.3	0.0	205.0	**1,637.3**
- Other products and services	870.3	80.2	39.1	**989.6**
Operating income	**179.7**	**7.2**	**12.5**	**199.4**
Acquisitions of intangible assets, property, plant & equipment (1)	93.2	9.8	4.9	**107.9**
Segment assets	**4,730.1**	**323.7**	**416.4**	**5,470.2**
Segment liabilities	**2,331.4**	**260.7**	**171.3**	**2,763.4**

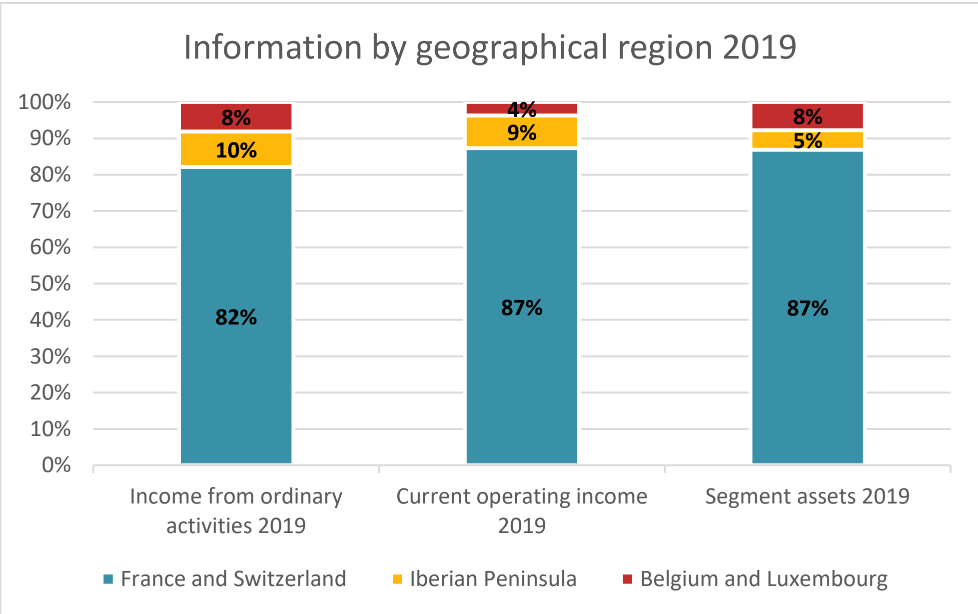
(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
December 31, 2019				
Income from ordinary activities	**6,030.7**	**722.3**	**595.6**	**7,348.6**
- Consumer electronics*	2,872.3	422.9	306.1	**3,601.3**
- Editorial products*	960.0	214.0	51.4	**1,225.4**
- Domestic appliances*	1,357.8		197.2	**1,555.0**
- Other products and services*	840.6	85.4	40.9	**966.9**
Operating income	**231.0**	**24.0**	**9.7**	**264.7**
Acquisitions of intangible assets, property, plant & equipment (1)	130.9	9.3	6.8	**147.0**
Segment assets	**4,947.4**	**307.0**	**438.9**	**5,693.3**
Segment liabilities	**2,344.0**	**318.3**	**200.9**	**2,863.2**

* 2019 pro forma following the creation of the Urban Mobility section in 2020

(1) Purchases of intangible assets and property, plant and equipment, including change in receivables and payables on non-current assets.

Breakdown of income from ordinary activities, operating income and assets by geographical region:





4.2 Reconciliation of segment assets and liabilities

Total segment assets are reconciled as follows in the Group's total assets:

(€ million)	**2020**	**2019 restated***
Goodwill	1,654.3	1,654.1
Intangible assets	505.6	511.0
Property, plant & equipment	594.2	614.9
Right-of-use assets related to lease agreements	1,109.4	1,189.7
Other non-current assets	0.0	0.1
Non-current segment assets	**3,863.5**	**3,969.8**
Inventories	960.2	1,079.4
Trade receivables	285.4	274.8
Other current assets	361.1	369.3
Segment assets	**5,470.2**	**5,693.3**
Non-current financial assets	32.6	27.9
Investments in associates	0.1	21.4
Deferred tax assets	67.3	82.7
Tax receivables due	3.6	2.8
Other current financial assets	6.8	11.6
Cash and cash equivalents	1,568.7	995.5
Assets held for sale	0.0	200.6
Total assets	**7,149.3**	**7,035.8**

*Restated for the IFRIC's decision on IFRS 16 of December 16, 2019

Total segment liabilities are reconciled as follows in the Group's total liabilities:

(€ million)	**2020**	**2019 restated***
Trade payables	1,784.4	1,888.7
Other current liabilities	854.4	785.0
Other non-current liabilities	124.4	189.5
Segment liabilities	**2,763.2**	**2,863.2**
Shareholders' equity, Group share	1,368.5	1,387.9
Shareholders' equity – Share attributable to non-controlling interests	4.9	10.4
Long-term borrowings and financial debt	901.9	936.4
Long-term leasing debt	884.1	967.0
Deferred tax liabilities	164.6	203.2
Provisions for pensions and other equivalent benefits	205.9	176.7
Short-term borrowings and financial debt	552.9	77.0
Short-term leasing debt	229.7	212.3
Other current financial liabilities	13.0	18.2
Provisions	30.6	39.0
Tax liabilities payable	30.0	9.4
Liabilities related to assets held for sale	0.0	135.1
Total Liabilities	**7,149.3**	**7,035.8**

*Restated for the IFRIC's decision on IFRS 16 of December 16, 2019

Note 5 Income from ordinary activities

(€ million)	**2020**	**2019***
Net sales of goods	6,501.1	6,381.7
Net sales of other Products and Services	989.6	966.9
Income from ordinary activities	**7,490.7**	**7,348.6**

* 2019 pro forma following the creation of the Urban Mobility section in 2020

Sales of goods are presented net of various sales discounts granted to customers, including deferred discounts connected with loyalty programs.

Sales of other products include products in the development phase, including kitchen units, home & design products, toys & games, urban mobility products, stationery, wellbeing products and food & beverage products.

Sales of services include sales of loyalty cards and certain warranty extensions, which are recognized on a straight-line basis throughout the term of the warranty, reflecting the schedule of benefits offered. They also include products related to the sale of Darty Max subscriptions, commissions received on the sale of goods and services for which the Group acts as agent (especially ticket sales, gift boxes, “NES” warranty extensions, commissions on sales of credit, insurance and subscriptions, and Marketplace commissions and franchise fees), as well as reinvoicing of shipping costs and commissions, and the proceeds from breakage of gift vouchers and cards.

The breakdown of income from ordinary activities is detailed in Note 4.

Note 6 Personnel expenses

Personnel expenses mainly include fixed and variable compensation, social security contributions, expenses related to employee profit-sharing and other incentives, training costs and expenses related to employee benefits recognized in current operating income.

(€ million)	**2020**	**2019**
France and Switzerland	(916.6)	(938.6)
Iberian Peninsula	(63.7)	(74.4)
Belgium and Luxembourg	(74.8)	(83.0)
Total personnel expense	**(1,055.1)**	**(1,096.0)**

In 2020, personnel expenses amounted to €1,055.1 million (14.1% of revenue), versus €1,096.0 million (14.9% of revenue) in 2019, or a year-on-year drop of €40.9 million (-0.8 points in the personnel expenses/revenue ratio). This drop was mainly due to temporary layoff measures introduced during the lockdown periods and was partially offset by the incorporation of Nature & Découvertes' personnel expenses over full year 2020, versus just five months in 2019.

Personnel expenses in 2020 included an expense of €7.2 million related to the application of IFRS 2 for all share-based transactions involving Group shares. In 2020, this expense was related to performance-based compensation plans amounting to €5.7 million and to the special bonus share plan granted in 2020 totaling €1.5 million. The amount of the IAS 19 expense in respect of the special bonus share plan granted in 2020 was €3.1 million.

In 2019, the expense related to the application of IFRS 2 was €8.7 million, of which €8.5 million was related to performance-based compensation plans and €0.2 million to the employee stock ownership plan.

The application of IFRS 2 on share-based payments resulted in an offsetting entry to personnel expense allocated on a straight-line basis over their vesting period. All plans in the process of being acquired as of December 31, 2020 will be settled in equity instruments.

The average paid workforce for the Group's activities, in full-time equivalent, breaks down as follows:

	2020	**2019**
France and Switzerland	16,760	17,644
Iberian Peninsula	2,604	3,007
Belgium and Luxembourg	1,713	1,572
Total average paid workforce	**21,077**	**22,223**

The registered workforce as of December 31 for the Group's activities was as follows:

	2020	**2019**
France and Switzerland	19,305	19,267
Iberian Peninsula	3,870	4,396
Belgium and Luxembourg	1,853	1,935
Total registered workforce	**25,028**	**25,598**

Note 7 Performance-based compensation plans

The fair value of market performance conditions of all performance-based compensation plans is measured using the Black & Scholes method assuming 25% price volatility of Fnac Darty shares. The fair value of non-market performance conditions (current operating income, synergies, free cash flow, social and environmental responsibility) is assessed according to actual performance based on criteria that may be measured, and the best estimate of the execution of future performance conditions for the others. At the end of each plan, the number of options to be vested in respect of market and non-market conditions is adjusted, if necessary, depending on the effective execution of the performance conditions measured.

7.1 Performance option plans

The total IFRS 2 expense recognized as of December 31, 2020 for the performance option plans awarded in 2017 and 2018 amounted to €0.1 million.

2018 plan

The first tranche of the 2018 performance share plan was vested on May 17, 2020. In light of the Fnac Darty share performance conditions based on the Company's Total Shareholder Return (TSR) compared to that of companies in the SBF120 and the achievement of a target level of current operating income, 47.10% of the options in the first tranche were vested for the beneficiaries in service on May 17, 2020. These options may be exercised between May 18, 2020 and May 17, 2021 at an exercise price of €89.43.

As of the online release date of this Document, none of these options had been exercised.

The total IFRS 2 expense recognized as of December 31, 2020 for the 2018 performance option plan amounted to €0.0 million.

The main features are summarized below:

Main features	2018-2021 performance option plan
Date of Board of Directors' meeting	May 18, 2018
Vesting period	2 years/3 years
Exercise price	€89.43
Number of beneficiaries at inception	11
Number of beneficiaries as of December 31, 2020	11
Performance condition	Yes

Number of stock options	2018-2021 performance option plan
Allotted	97,438
Being vested as of January 1, 2020	**97,438**
Vested in 2020	22,965
Canceled in 2020	25,754
Being vested as of December 31, 2020	**48,719**

2017 plan

The second tranche of the 2017 performance share plan was vested on May 1, 2020. Given the performance of the Fnac Darty share price and the achievement of the synergy goals, 50% of the options in the second tranche were vested for the beneficiaries in service on May 1, 2020. These options may be exercised between May 2, 2020 and May 1, 2021 at an exercise price of €66.23.

As of the online release date of this Document, none of these options had been exercised.

The total IFRS 2 expense recognized as of December 31, 2020 for the 2017 performance option plan amounted to €0.1 million.

The main features are summarized below:

Main features	2017-2020 performance option plan
Date of Board of Directors' meeting	April 28, 2017
Vesting period	2 years/3 years
Exercise price	€66.23
Number of beneficiaries at inception	15
Number of beneficiaries as of December 31, 2020	7
Performance condition	Yes

Number of stock options	2017-2020 performance option plan
Allotted	300,000
Being vested as of January 1, 2020	**43,652**
Vested in 2020	21,828
Canceled in 2020	21,824
Being vested as of December 31, 2020	**0**

7.2 Bonus share plan

The total IFRS 2 expense recognized as of December 31, 2020 for the bonus share plans granted in 2016, 2017, 2018, 2019 and 2020 amounted to €7.1 million.
The total IAS 19 expense recognized as of December 31, 2020 for the special bonus share plan granted in 2020 amounted to €3.1 million.

2020 plans

On the recommendation of the Appointments and Compensation Committee, on May 28, 2020 the Board of Directors decided to award bonus shares to certain Group employees (231 beneficiaries) in order to make them partners in the Company's performance through an increase in the value of its stock. Settlement will be in equity instruments.
The duration of this plan is three years (May 28, 2020 – May 27, 2023). These shares will be vested upon expiration of a vesting period (May 28, 2020 to May 27, 2023), subject to the beneficiary's continued employment within the Group at the end of the vesting period. The vesting of these shares will be subject to a Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120, as measured in 2023 for the 2020-2022 period in respect of the entire period, and to performance conditions associated with achieving a target level of free cash flow assessed in 2023 upon publication of the Group's annual results for 2022, taking into account the cash flow generated by the Group during the years 2020, 2021 and 2022 for the entire period as well as to performance conditions associated with the Company's corporate, social and environmental responsibility assessed in 2023 by taking into account the Group's non-financial ratings for 2020, 2021 and 2022 for the entire period.

The total IFRS 2 expense recognized as of December 31, 2020 for the 2020 bonus share plan amounted to €3.15 million.
On the recommendation of the Appointments and Compensation Committee, and in light of the special context of COVID-19, on June 16, 2020 the Board of Directors decided to award bonus shares, on an exceptional basis, to certain Group employees other than the Executive Corporate Officer (138 employees) who had agreed to receive all or part of their annual variable compensation for 2019 in the form of bonus shares. Settlement will be in equity instruments. This is in the Group's interest at this particular time insofar as it protects the Group's cash position compared to a cash-based compensation system, and strengthens the link between the interests of the beneficiaries and those of the shareholders.
The duration of this plan is two years (June 16, 2020 – June 15, 2022). These shares will not vest until the expiration of a one-year vesting period (June 16, 2020 – June 15, 2021) for French residents and two years (June 16, 2020 – June 15, 2022) for non-French residents. Vesting will not be subject to the continued employment and performance conditions.
Furthermore, French residents will be required to hold these shares for a period of one year (June 16, 2021 – June 15, 2022: the holding period).

The total IFRS 2 expense recognized as of December 31, 2020 for the special 2020 bonus share plan amounted to €1.5 million.

The total IAS 19 expense recognized as of December 31, 2020 for the special 2020 bonus share plan amounted to €3.1 million.

The main features are summarized below:

Main features	**2020-2023 bonus share plan**
Date of Board of Directors' meeting	May 28, 2020
Vesting period	3 years (May 28, 2020 – May 27, 2023)
Number of beneficiaries at inception	231
Number of beneficiaries as of December 31, 2020	231
Performance condition	Yes

Number of bonus shares	**2020-2023 bonus share plan**
Allotted	616,496
Vested in 2020	0
Canceled in 2020	0
Being vested as of December 31, 2020	**616,496**

Main features	**2020-2022 bonus share plan**
Date of Board of Directors' meeting	June 16, 2020
Vesting period	
French residents	1 year (June 16, 2020 – June 15, 2021)
Non-French residents	2 years (June 16, 2020 – June 15, 2022)
Holding period	
French residents	1 year (June 16, 2021 – June 15, 2022)
Number of beneficiaries at inception	138
Number of beneficiaries as of December 31, 2020	138
Performance condition	No

Number of bonus shares	**2020-2022 bonus share plan**

Allotted	98,743
Vested in 2020	0
Canceled in 2020	0
Being vested as of December 31, 2020	**98,743**

2019 plans

The total IFRS 2 expense recognized as of December 31, 2020 for the 2019 bonus share plan (excluding the Executive Corporate Officer) amounted to €1.6 million.

The main features are summarized below:

Main features	**2019-2022 bonus share plan**
Date of Board of Directors' meeting	May 23, 2019
Vesting period	2 years/3 years (May 23, 2019 to May 22, 2021 for the first period and May 23, 2019 to May 22, 2022 for the second period)
Number of beneficiaries at inception	210
Number of beneficiaries as of December 31, 2020	196
Performance condition	Yes

Number of bonus shares	**2019-2022 bonus share plan**
Allotted	214,449
Being vested as of January 1, 2020	209,708
Vested in 2020	495
Canceled in 2020	46,934
Being vested as of December 31, 2020	**162,279**

The total IFRS 2 expense recognized as of December 31, 2020 for the 2019 bonus share plan of the Executive Corporate Officer amounted to €0.2 million.
The main features are summarized below:

Main features	**2019-2022 bonus share plan**
Date of Board of Directors' meeting	May 23, 2019
Vesting period	3 years (May 23, 2019 – May 22, 2022)
Number of beneficiaries at inception	1
Number of beneficiaries as of December 31, 2020	1
Performance condition	Yes

Number of bonus shares	**2019-2022 bonus share plan**
Allotted	31,752
Being vested as of January 1, 2020	31,752
Vested in 2020	0
Canceled in 2020	5,292
Being vested as of December 31, 2020	**26,460**

2018 plan

The first tranche of the 2018 bonus share plan expired on May 17, 2020. In light of the Fnac Darty share performance conditions based on the Company's Total Shareholder Return (TSR) compared to that of companies in the SBF120 and the achievement of a target level of current operating income, 47.10% of the shares were vested for the beneficiaries in service on May 17, 2020.
The total IFRS 2 expense recognized as of December 31, 2020 for the 2018 bonus share plan amounted to €0.1 million.

The main features are summarized below:

Main features	2018-2021 bonus share plan
Date of Board of Directors' meeting	May 18, 2018
Vesting period	2 years/3 years (May 18, 2018 to May 17, 2020 for the first period and May 18, 2018 to May 17, 2021 for the second period)
Number of beneficiaries at inception	167
Number of beneficiaries as of December 31, 2020	148
Performance condition	Yes

Number of bonus shares	2018-2021 bonus share plan
Allotted	109,817
Being vested as of January 1, 2020	**102,178**
Vested in 2020	32,432
Canceled in 2020	37,014
Being vested as of December 31, 2020	**32,732**

2017 plans

The December 2017 bonus share plan expired on March 2, 2020 for non-French residents. In light of the Fnac Darty share performance conditions based on Total Shareholder Return (TSR) and the achievement of a target level of synergies and a target level of current operating income, 62.20% of the shares were vested for the beneficiaries in service on December 14, 2019.

The total IFRS 2 expense recognized as of December 31, 2020 for the December 2017 bonus share plan amounted to €0.3 million.

The main features are summarized below:

Main features	2017-2019 bonus share plan
Date of Board of Directors' meeting	December 15, 2017
Vesting period	More than 2 years (December 15, 2017 – March 2, 2020)
Number of beneficiaries at inception	39
Number of beneficiaries as of December 31, 2020	0
Performance condition	Yes

Number of bonus shares	2017-2019 bonus share plan
Allotted	92,500
Being vested as of January 1, 2020	**81,169**
Vested in 2020	50,580
Canceled in 2020	30,589
Being vested as of December 31, 2020	**0**

The total IFRS 2 expense recognized as of December 31, 2020 for the April 2017 bonus share plan amounted to €0.3 million.

The main features are summarized below:

Main features	2017-2021 bonus share plan
Date of Board of Directors' meeting	April 28, 2017
Vesting period	
French residents	2 years (May 2, 2017 – May 1, 2019)
Non-French residents	4 years (May 2, 2017 – May 1, 2021)
Holding period	
French residents	2 years (May 2, 2019 – May 1, 2021)
Number of beneficiaries at inception	150
Number of beneficiaries as of December 31, 2020	23
Performance condition	Yes

Number of bonus shares	2017-2021 bonus share plan
Allotted	122,000
Being vested as of January 1, 2020	**12,866**
Vested in 2020	0
Canceled in 2020	177
Being vested as of December 31, 2020	**12,689**

2016 plan

The 2016 bonus share plan expired on June 16, 2020 for non-French residents. Based on the average closing price of the Fnac Darty share over the 20 trading days preceding June 17, 2018 (average at €89.80) and the performance conditions, 100% of the shares were vested for the beneficiaries in service on June 16, 2020.

The total IFRS 2 expense recognized as of December 31, 2020 for the 2016 bonus share plan amounted to €0.1 million.

The main features are summarized below:

Main features	2016-2020 bonus share plan
Date of Board of Directors' meeting	April 4, 2016
Vesting period	
French residents	2 years (June 17, 2016 – June 16, 2018)
Non-French residents	4 years (June 17, 2016 – June 16, 2020)
Holding period	
French residents	2 years (June 17, 2018 – June 16, 2020)
Number of beneficiaries at inception	125
Number of beneficiaries as of December 31, 2020	0
Performance condition	Yes

Number of bonus shares	2016-2020 bonus share plan
Allotted	96,525
Being vested as of January 1, 2020	**9,492**
Vested in 2020	9,492
Canceled in 2020	0
Being vested as of December 31, 2020	**0**

7.3 Analysis of sensitivity to changes in market performance conditions and to changes in non-market performance conditions

As of December 31, 2020, changes in the fair value of the commitment to plans in respect of non-market performance conditions (current operating income, synergies, free cash flow, social and environmental responsibility) are assessed according to actual performance based on criteria that may be measured, and the best estimate of the execution of future performance conditions for the others.

The fair value of the commitment of the plans in respect of market performance conditions is measured using the Black & Scholes method assuming 35% price volatility of Fnac Darty shares.

At the end of each plan, the number of shares to be vested in respect of market and non-market performance conditions is adjusted, if necessary, depending on the effective execution of the performance conditions measured.

Note 8 Associates

Fnac Darty exercises significant influence within certain companies, called associates. Associates are consolidated using the equity method. The activity of these companies forms part of the Group's operating activity. These companies are consolidated in the Group's internal reporting in accordance with IFRS 8, and their operating performance is monitored at the level of each business division to which they belong.

The Fnac Darty consolidated financial statements include the transactions executed by the Group within the normal context of its activities with associates. These transactions are executed under normal market conditions.

8.1 Share of profit from equity associates

(€ million)	**2020**	**2019**
France and Switzerland	0.1	2.0
Iberian Peninsula	0.0	0.0
Belgium and Luxembourg	0.0	(0.2)
Share of profit from equity associates	**0.1**	**1.8**

(€ million)	**2020**	**2019**
Menafinance	0.0	2.4
Izneo	0.1	(0.4)
Vanden Borre Kitchen	0.0	(0.2)
Share of profit from associates	**0.1**	**1.8**

Profit from equity associates was €0.1 million in 2020 compared with €1.8 million in 2019. This difference was largely due to the sale of the Group's stake in Ménafinance.
On December 27, 2019, Fnac Darty signed a firm and irrevocable letter of intent for the sale to Crédit Agricole Consumer Finance of all shares of the Ménafinance joint venture held by Fnac Darty, i.e., 50% of the shares of Ménafinance. As of December 31, 2019, the sale was still conditional upon obtaining prior authorization from the French Prudential Supervision and Resolution Authority of Banque de France, expected in the first half of 2020. After completing its competitive analysis on June 18, 2020, the Authority authorized the transaction with no restrictions.

Izneo is a player in the French-speaking digital comics market and offers an online comics reading service in the form of a website and mobile applications. Izneo is jointly owned by Fnac Darty and a group of publishers in the comic book industry.

Vanden Borre Kitchen is a company operating in the fitted kitchen market in Belgium. It is jointly owned by the Group and FBD Group.

8.2 Investments in associates

The change in the item “Investments in associates” can be analyzed as follows:

(€ million)	Associates	*Menafinance*	*Izneo*	*Vanden Borre Kitchen*
Investments in associates as of December 31, 2019	**21.4**	***21.4***	***0.7***	***(0.7)***
Profit from associates	0.1	*0.0*	*0.1*	*0.0*
Dividends paid	0.0			
Change to scope of consolidation	(21.4)	*(21.4)*		
Other changes	0.0			
Translation differences	0.0			
Investments in associates as of December 31, 2020	**0.1**	***0.0***	***0.8***	***(0.7)***

8.3 Data on investments in associates

The data below is presented at 100% under IFRS standards:

	2020	
(€ million)	**Izneo**	**Vanden Borre Kitchen**
Non-current assets	2.0	0.0
Current assets	1.3	0.8
Non-current liabilities	0.8	0.0
Current liabilities	2.0	2.1
Revenue	3.8	2.1
Operating income	0.2	0.1
Net income	0.2	0.1

Note 9 Current operating income

Current operating income represents the main indicator for monitoring the Group's operating performance. It is broken down as follows:

(€ million)	**2020**	**2019**
France and Switzerland	193.8	256.7
Iberian Peninsula	8.4	25.0
Belgium and Luxembourg	13.1	11.6
Current operating income	**215.3**	**293.3**

Current operating income was €215.3 million in 2020 (compared with €293.3 million in 2019).

Current operating income corresponds:

- for 2020, to Fnac Darty's audited IFRS consolidated financial statements for the year ended December 31, 2020, incorporating 12 months of operating activity of all Group brands;

- for 2019, to comparative information relating to the year ended December 31, 2019 as included in Fnac Darty's audited consolidated financial statements for the year ended December 31, 2019, incorporating 10 months of operating activity of the BilletReduc banner and five months of operating activity of the Nature & Découvertes banner.

Note 10 Other non-current operating income and expense

	2020	2019
Darty brand impairment	(14.2)	0.0
Gain related to the Nature & Découvertes earn-out	10.5	0.0
Incremental costs related to the health crisis	(5.8)	0.0
Fnac Darty restructuring costs	(1.0)	(14.3)
Exceptional bonus for purchasing power	0.0	(4.8)
Other restructuring costs	(4.1)	(4.5)
Costs related to the new business acquisitions	0.0	(3.2)
Other risks	(1.3)	(1.8)
Total	**(15.9)**	**(28.6)**

As of December 31, 2020, they represented a net expense of €15.9 million, composed of:

- recognized indications of impairment as a result of the health crisis in 2020. The Group performed impairment tests in the first half of 2020 which led to a €14.2-million impairment for the Darty brand. Impairment tests carried out in the second half of 2020 confirmed the amount of this impairment. For the record, the Darty brand had been valued at €301.7 million in 2016 when Darty was acquired. As of December 31, 2020, the net carrying amount of the Darty brand in the Group's balance sheet assets was €287.5 million;
- In the second half of 2020, as part of the calculation of the earn-out related to the acquisition of Nature & Découvertes, and in accordance with IFRS 3, a provision reversal was booked in the income statement for a net amount of €10.5 million for the settlement of the earn-out;
- Fnac Darty noted the positions taken by the ESMA and AMF and decided not to record the full cost of the health crisis under non-current expense. Consequently, the Group recorded under non-current expense only non-recurring incremental costs incurred in the first half of 2020 that were directly related to the health crisis. These costs correspond to the installation of hygiene barriers in stores and all exceptional bonuses paid to employees who worked during the first lockdown period in the Group's warehouses to fulfill online orders. In first-half 2020, these costs totaled €5.8 million;
- €1.0 million in restructuring costs, related to the implementation of the Group's reorganization;
- €4.1 million in restructuring costs for employee and structural adaptation plans in France and abroad;
- Other non-current income and expenses representing a net expense of €1.3 million resulting from various one-off lawsuits.

As of December 31, 2019, they represented a net expense of €28.6 million composed of:

- €14.3 million in restructuring costs, related to the implementation of the Group's reorganization. These expenses were primarily linked to planned changes to the organization of Darty subsidiaries, and to the reorganization of the logistics functions of Fnac Darty;

- €4.8 million in expenses relating to the exceptional bonus for purchasing power granted to all Group employees in France with gross annual compensation of €30,000 or less. This bonus was paid to some 14,000 employees;
- €4.5 million in restructuring costs for employee and structural adaptation plans in France and abroad;
- €3.2 million incurred in connection with new business acquisitions, mainly linked to Nature & Découvertes; and
- other non-current income and expenses representing a net expense of €1.8 million resulting from various one-off lawsuits.

Note 11 (Net) financial expense

Net financial expenses break down as follows:

(€ million)	**2020**	**2019**
Costs related to Group debt	(25.9)	(51.4)
Interest on rental debt	(21.9)	(21.2)
Cost of consumer credit	(3.6)	(4.8)
Other net financial expenses	0.0	(1.7)
Total	**(51.4)**	**(79.1)**

The cost of net financial debt for the Group mainly comprised the financial interest for the €650-million bond, the €200-million medium-term credit facility and the €100-million loan agreement signed with the European Investment Bank.

These costs also include €2.6 million for deferred set-up and guarantee costs related to the €500-million state-guaranteed loan taken out by the Group to protect its cash position and prepare for business resumption once the health crisis is over. This state-guaranteed loan, 70% of which is guaranteed by the French government, has a one-year maturity with an option to extend for a further five years.

In 2019, costs related to debt also included a non-recurring expense of €18.7 million related to the early redemption premium for the former bond issue, as well as a non-recurring expense of €8.3 million related to the deduction of remaining costs associated with the former bond issue.

Interest expense on rental debt amounted to €21.9 million in 2020, compared to €21.2 million in 2019.

The cost of consumer lending was €3.6 million in 2020, compared to €4.8 million in 2019.

Other financial income and expense includes the financial impacts related to post-employment benefits for employees and the remeasurement at fair value through profit or loss of the Group's financial assets. The improvement in this item is mainly related to the revaluation to fair value of the Group's shares in Daphni Purple.

Note 12 Tax

12.1 Analysis of the tax expense on continuing operations

12.1.1 Tax expense

(€ million)	2020	2019
Pre-tax income	**148.0**	**185.6**
Current tax expense excluding corporate value-added tax (CVAE)	(57.2)	(57.4)
Current tax expense related to corporate value-added tax (CVAE)	(20.6)	(21.9)
Deferred tax income/(expense)	18.2	7.8
Total tax expense	**(59.6)**	**(71.5)**
Effective tax rate	**40.27%**	**38.52%**

Income tax includes any tax paid or for which a provision is recorded for the period, together with any potential tax reassessments paid or provisioned during the period. For 2020, the total tax expense is €59.6 million, compared to €71.5 million for 2019, a decrease of €11.9 million. The decrease in total tax expense in 2020 is mainly due to the fall in pre-tax income. With corporate value-added tax (CVAE) reclassified to profit or loss before tax, the 2020 and 2019 tax rates remain unchanged at around 30%.

12.1.2 Streamlining the tax rate

(as % of pre-tax income)	2020	2019
Tax rate applicable in France	**32.02%**	**34.43%**
Impact of the taxation of foreign subsidiaries	(0.43%)	(0.94%)
Theoretical tax rate	**31.59%**	**33.49%**
Impact of items taxed at a lower rate	0.00%	0.00%
Impact of permanent differences	2.90%	3.66%
Impact of unrecognized timing differences	0.00%	0.00%
Impact of unrecognized tax-loss carry-forwards	1.74%	1.84%
Impact of corporate value-added tax (CVAE)	9.53%	7.84%
Impact of the tax rate reduction in France	(6.16%)	0.00%
Impact of the tax rate reduction in Belgium and Switzerland	0.00%	(1.36%)
Impact of tax reassessments	0.00%	0.00%
Other exceptional taxes	0.66%	(6.95%)
Effective tax rate	**40.27%**	**38.52%**

The tax rate applicable in France is equal to the basic rate of 31.0% plus the 3.3% social security contribution for French companies, bringing it to 32.02%. The 2021 finance law confirms a gradual reduction of the normal corporate tax rate from 31.0% to 27.5% in 2021 and 25.0% in 2022. The Group net tax expense takes these reductions into consideration.

12.2 Change in balance sheet items

12.2.1 Tax due

(€ million)	**2019**	**Income**	**Change in working capital requirement**	**Changes in scope**	**Changes in foreign exchange rates**	**2020**
Tax receivables due	2.8					3.6
Tax liabilities payable	(9.4)					(30.0)
Taxes payable	**(6.6)**	**(77.8)**	**58.0**	**0.0**	**0.0**	**(26.4)**

(€ million)	**2018**	**Income**	**Change in working capital requirement**	**Changes in scope**	**Changes in foreign exchange rates**	**2019**
Tax receivables due	41.8					2.8
Tax liabilities payable	(44.4)					(9.4)
Taxes payable	**(2.6)**	**(79.3)**	**74.3**	**1.0**	**0.0**	**(6.6)**

12.2.2 Deferred tax

(€ million)	**2019**	**Income**	**Items recognized in shareholders' equity**	**Other changes**	**Changes in scope**	**2020**
Deferred tax assets	82.7	1.7	4.9	(22.1)	0.1	67.3
Deferred tax liabilities	(203.2)	16.5		22.1		(164.6)
Net deferred taxes	**(120.5)**	**18.2**	**4.9**	**0.0**	**0.1**	**(97.3)**

(€ million)	**2019**	**Income**	**Items recognized in shareholders' equity**	**Other changes**	**Changes in scope**	**2020**
Provisions for pensions and other equivalent benefits	43.5	0.5	1.6			45.6
Tax losses and tax credits recognized	0.2	3.7				3.9
Brands	(101.4)	4.2				(97.2)
Other assets & liabilities	(62.8)	9.8	3.3		0.1	(49.6)
Net deferred tax assets (liabilities)	**(120.5)**	**18.2**	**4.9**	**0.0**	**0.1**	**(97.3)**

(€ million)	**2018**	**Income**	**Items recognized in shareholders' equity**	**Changes in scope**	**2019**
Deferred tax assets	66.8	7.6	5.4	2.9	82.7
Deferred tax liabilities	(189.9)	0.2		(13.5)	(203.2)
Net deferred taxes	**(123.1)**	**7.8**	**5.4**	**(10.6)**	**(120.5)**

(€ million)	**2018**	**Income**	**Items recognized in shareholders' equity**	**Changes in scope**	**2019**
Provisions for pensions and other equivalent benefits	38.8	(1.0)	5.0	0.7	43.5
Tax losses and tax credits recognized	0.2				0.2
Brands	(92.5)	2.0		(10.9)	(101.4)
Other assets & liabilities	(69.6)	6.8	0.4	(0.4)	(62.8)
Net deferred tax assets (liabilities)	**(123.1)**	**7.8**	**5.4**	**(10.6)**	**(120.5)**

12.3 Deferred tax not recognized

The change in tax losses and unused tax credits is as follows:

(€ million)	**2020**	**2019**
Unrecognized tax losses	160.9	150.6
Unrecognized timing differences	0.0	0.0
Total unrecognized tax bases	**160.9**	**150.6**

The non-capitalized tax losses primarily represent the tax losses of the Group's subsidiaries in the United Kingdom and Belgium, where the prospects of recovery do not permit capitalization.

12.4 Tax loss changes and schedule

(€ million)	**Total**	***of which non-capitalized***	***of which capitalized***
As of December 31, 2019	**150.6**	***150.6***	***0.0***
Deficits generated during the period	31.6	*17.2*	*14.4*
Losses charged or time-barred during the period	(0.6)	(0.6)	
Changes in scope	0.0		
Changes in foreign exchange rates	(6.3)	(6.3)	
As of December 31, 2020	**175.3**	***160.9***	***14.4***
Tax-loss carry-forwards with a maturity of	**0.0**	***0.0***	***0.0***
Less than 5 years	*0.0*		
More than 5 years	*0.0*		
Indefinite tax-loss carryforwards	**175.3**	**160.9**	***14.4***
Total	**175.3**	***160.9***	***14.4***

Note 13 Earnings per share

Net earnings per share are calculated based on the weighted average number of shares outstanding less the weighted average number of shares held by the consolidated companies.

In 2020, the Group held an average of 97,907 treasury stocks through Natixis ODDO BHF, with which a liquidity agreement was signed. This agreement is designed to promote transaction liquidity and consistency in the Group's share price.

As of December 31, 2020, the Group held 68,010 treasury stocks.

Diluted net earnings per share take into account the weighted average number of shares defined above, plus the weighted average number of potentially dilutive ordinary shares. Potentially dilutive shares are the shares granted to employees as part of share-based payment transactions settled with equity instruments.

The instruments issued by the Group had a diluting effect of 633,914 shares over 2020.

The number of shares that could potentially become diluting during a subsequent year is 365,831.

Earnings per share as of December 31, 2020

		Group share	
(€ million)	**Consolidated Group**	**Continuing operations**	**Discontinued operations**
Net income attributable to ordinary shareholders	**1.2**	**95.6**	**(94.4)**
Weighted average number of ordinary shares issued	26,583,287	26,583,287	26,583,287
Weighted average number of treasury stocks	(97,907)	(97,907)	(97,907)
Weighted average number of ordinary shares	**26,485,380**	**26,485,380**	**26,485,380**
Basic earnings per share (€)	**0.05**	**3.61**	**(3.56)**

		Group share	
(€ million)	**Consolidated Group**	**Continuing operations**	**Discontinued operations**
Net income attributable to ordinary shareholders	**1.2**	**95.6**	**(94.4)**
Convertible and exchangeable instruments			
Diluted net income, Group share	**1.2**	**95.6**	**(94.4)**
Weighted average number of ordinary shares	26,485,380	26,485,380	26,485,380
Potentially dilutive ordinary shares	633,914	633,914	633,914
Weighted average number of diluted ordinary shares	**27,119,294**	**27,119,294**	**27,119,294**
Diluted earnings per share (€)	**0.04**	**3.53**	**(3.48)**

Earnings per share as of December 31, 2019

(€ million)	Consolidated Group	Group share Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**104.9**	**115.1**	**(10.2)**
Weighted average number of ordinary shares issued	26,559,047	26,559,047	26,559,047
Weighted average number of treasury shares	(50,934)	(50,934)	(50,934)
Weighted average number of ordinary shares	**26,508,113**	**26,508,113**	**26,508,113**
Basic earnings per share (€)	**3.96**	**4.34**	**(0.38)**

(€ million)	Consolidated Group	Group share Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**104.9**	**115.1**	**(10.2)**
Convertible and exchangeable instruments			
Diluted net income, Group share	**104.9**	**115.1**	**(10.2)**
Weighted average number of ordinary shares	26,508,113	26,508,113	26,508,113
Potentially dilutive ordinary shares	268,353	268,353	268,353
Weighted average number of diluted ordinary shares	**26,776,466**	**26,776,466**	**26,776,466**
Diluted earnings per share (€)	**3.92**	**4.30**	**(0.38)**

Note 14 Other comprehensive income items

Other comprehensive income items mainly represent:

- Profit and loss from the translation of the financial statements of operations outside France;
- Items relating to the measurement of employee benefit obligations: revaluation of net liabilities for defined benefit plans; and
- The effective portion of the change in fair value of the hedge instrument offset against other items of comprehensive income.

The amount of these items before and after related tax effects and adjustments for reclassification to income are as follows:

	2020		
(€ million)	**Gross**	**Tax**	**Net**
Translation differences	1.3		1.3
Effective portion of the change in fair value of instruments designated as cash flow hedges	(2.8)	0.8	(2.0)
Change in fair value as a result of the change in own credit risk on a liability financial instrument recognized at fair value through profit or loss	0.0	0.0	0.0
Change in fair value of asset debt instruments recognized at fair value through other comprehensive income	0.0	0.0	0.0
Items that may be reclassified subsequently to profit or loss	**(1.5)**	**0.8**	**(0.7)**
Revaluation of net liabilities for defined benefit plans	(27.2)	1.7	(25.5)
Change in fair value of equity instruments recognized using the fair value option through other items of comprehensive income	0.0	0.0	0.0
Items that may not be reclassified subsequently to profit or loss	**(27.2)**	**1.7**	**(25.5)**
Other items of comprehensive income as of December 31, 2020	**(28.7)**	**2.5**	**(26.2)**

	2019		
(€ million)	**Gross**	**Tax**	**Net**
Translation differences	(1.3)		(1.3)
Effective portion of the change in fair value of instruments designated as cash flow hedges	(1.2)	0.4	(0.8)
Change in fair value as a result of the change in own credit risk on a liability financial instrument recognized at fair value through profit or loss	0.0	0.0	0.0
Change in fair value of asset debt instruments recognized at fair value through other comprehensive income	0.0	0.0	0.0
Items that may be reclassified subsequently to profit or loss	**(2.5)**	**0.4**	**(2.1)**
Revaluation of net liabilities for defined benefit plans	(20.9)	5.0	(15.9)
Change in fair value of equity instruments recognized using the fair value option through other items of comprehensive income	0.0	0.0	0.0
Items that may not be reclassified subsequently to profit or loss	**(20.9)**	**5.0**	**(15.9)**
Other items of comprehensive income as of December 31, 2019	**(23.4)**	**5.4**	**(18.0)**

Note 15 Goodwill and business combinations

15.1 Goodwill

(€ million)	Gross	Impairment	Net
Goodwill as of January 1, 2019	**1,634.9**	**(75.4)**	**1,559.6**
From acquisitions	95.3		95.3
Disposals and withdrawals	(0.7)		(0.7)
Goodwill as of December 31, 2019	**1,729.5**	**(75.4)**	**1,654.1**
From acquisitions	0.2		0.2
Disposals and withdrawals			0.0
Goodwill as of December 31, 2020	**1,729.7**	**(75.4)**	**1,654.3**

The €0.2 million net increase in goodwill in 2020 is linked to an adjustment of the goodwill of CTS Eventim France during the first half of 2020. This adjustment took place within the twelve months following the acquisition of CTS Eventim France.

The €94.6 million net increase in goodwill in 2019 was linked to the stakes acquired in the companies Nature & Découvertes, BilletReduc, CTS Eventim France and PC Clinic.
The goodwill related to the acquisition of Nature & Découvertes, BilletReduc, CTS Eventim France and PC Clinic is positive goodwill arising from the difference between the acquisition price and the fair value of the identifiable acquired assets and liabilities assumed on the date of consolidation in the Group's accounts. BilletReduc was integrated on March 1, 2019, PC Clinic on July 1, 2019, Nature & Découvertes on August 1, 2019, and CTS Eventim France on November 1, 2019. IFRSs prohibit the amortization of goodwill and make it mandatory to conduct impairment tests each time the financial statements are closed and each time there is evidence of impairment.

The valuation of assets and liabilities acquired began on their date of acquisition for each of the companies acquired. For more details on the calculation of the allotted purchase price, refer to section 15.2.

As of December 31, 2020, there was no evidence of impairment. Pursuant to the IFRS standards, annual impairment tests were conducted on the assets. These impairment tests show a value-in-use greater than the value of the net assets for each of the cash generating units tested. No additional impairment of goodwill was therefore necessary. See note 19 for more information.

Goodwill was allocated as follows:

(€ million)	2020	2019
France	1,512.9	1,512.7
Belgium	139.2	139.2
Portugal	2.2	2.2
Total	**1,654.3**	**1,654.1**

Note 16 Intangible assets

(€ million)	Brands	Software	Other intangible assets	Total
Gross value as of December 31, 2019	**375.4**	**714.6**	**52.4**	**1,142.4**
Amortization, depreciation and impairment	0.0	(602.8)	(28.6)	(631.4)
Net value as of December 31, 2019	**375.4**	**111.8**	**23.8**	**511.0**
Acquisitions		28.0	13.0	41.0
Disposals			(0.6)	(0.6)
Amortization, depreciation and impairment	(14.2)	(35.3)	(0.3)	(49.8)
Change in scope				
Changes in foreign exchange rates				
Other changes		0.6	3.4	4.0
Assets held for sale				
Net value as of December 31, 2020	**361.2**	**105.1**	**39.3**	**505.6**

(€ million)	Brands	Software	Other intangible assets	Total
Gross value as of December 31, 2018	**338.1**	**663.1**	**71.6**	**1,072.8**
Amortization, depreciation and impairment	0.0	(567.7)	(25.1)	(592.8)
Net value as of December 31, 2018	**338.1**	**95.4**	**46.5**	**480.0**
Acquisitions		23.9	28.2	52.1
Disposals		(0.3)	(4.2)	(4.5)
Amortization, depreciation and impairment		(35.1)	(3.5)	(38.6)
Change in scope	37.3	10.5	22.0	69.8
Changes in foreign exchange rates				
Other changes		21.9	(67.7)	(45.8)
Assets held for sale		(4.5)	2.5	(2.0)
Net value as of December 31, 2019	**375.4**	**111.8**	**23.8**	**511.0**

Depreciation and amortization additions are recognized in “Other current operating income and expense” in the income statement.

Group brands consist of the following:

(€ million)	2020	2019
Darty brand	287.5	301.7
Vanden Borre brand	35.3	35.3
WeFix brand	1.1	1.1
BilletReduc brand	11.3	11.3
Nature & Découvertes brand	26.0	26.0
Total Brands	**361.2**	**375.4**

Under IAS 36 (Impairment of Assets), each cash generating unit (CGU) and its assets with an indefinite life are required to be tested for impairment. The test must be carried out at least once a year on a set date or at any time if there is evidence of impairment. Because there were indications of impairment following the health crisis that began in the early part of the year, in the first half of 2020 the Group updated the last impairment tests performed at the 2019 financial statements period-end date. The result of the updated tests was a €14.2-million impairment for the Darty brand, which had been valued at €301.7 million in 2016 when Darty was acquired. Darty's net carrying amount in the Group's financial statements is now €287.5 million. Prior to these impairment tests, the Group had performed profitability tests on all its stores. The store tests did not result in any impairment.
In the second half of 2020, the Group conducted new annual impairment tests for each of its Cash Generating Units (CGUs) and non-current assets with an indefinite useful life. For the annual tests, all financial and operational assumptions were updated.
Cash flow projections were made in November 2020 based on new forecasts that take account of the impact of the health crisis in 2020 and on medium-term plans over a three-year period that tie in with the Group's strategic plan. Following this new test, no further impairment was recorded other than that of the Darty brand identified in the first half of 2020.

Note 17 Property, plant & equipment

(€ million)	Land & buildings	Fixtures, fittings and commercial facilities	Technical and telephony equipment	Other property, plant and equipment	Total
Gross value as of December 31, 2019	**397.1**	**1,299.5**	**207.6**	**82.7**	**1,986.9**
Amortization, depreciation and impairment	(127.9)	(1,054.0)	(165.7)	(24.3)	(1,371.9)
Net value as of December 31, 2019	**269.2**	**245.5**	**41.9**	**58.4**	**614.9**
Acquisitions	1.2	29.7	19.9	7.6	58.4
Disposals		(3.9)	(0.9)	1.3	(3.5)
Amortization, depreciation and impairment	(6.8)	(51.1)	(12.8)	(5.8)	(76.5)
Change in scope					0.0
Changes in foreign exchange rates					0.0
Other changes	1.2	8.9	0.4	(9.6)	0.9
Assets held for sale					0.0
Net value as of December 31, 2020	**264.8**	**229.1**	**48.5**	**51.9**	**594.2**

(€ million)	Land & buildings	Fixtures, fittings and commercial facilities	Technical and telephony equipment	Other property, plant and equipment	Total
Gross value as of December 31, 2018	**432.6**	**1,231.7**	**188.8**	**65.3**	**1,918.4**
Amortization, depreciation and impairment	(114.7)	(1,005.0)	(155.0)	(23.6)	(1,298.2)
Net value as of December 31, 2018	**318.0**	**226.8**	**33.8**	**41.7**	**620.2**
Acquisitions	1.7	54.8	13.6	30.2	100.3
Disposals	(18.6)	(5.1)	(0.4)	(1.7)	(25.8)
Amortization, depreciation and impairment	(13.3)	(49.1)	(10.7)	(0.7)	(73.8)
Change in scope		11.7	3.5	7.8	23.0
Changes in foreign exchange rates		0.2			0.2
Other changes	0.3	6.2	2.1	(14.8)	(6.2)
Assets held for sale	(18.9)			(4.1)	(23.0)
Net value as of December 31, 2019	**269.2**	**245.5**	**41.9**	**58.4**	**614.9**

Depreciation and amortization additions are recognized in "Other current operating income and expense" in the income statement.

Note 18 Right-of-use assets related to lease agreements

The table below shows the right-of-use assets by asset class:

(€ million)	Stores	Offices	Platforms	Other	Total
Net value as of December 31, 2019*	**1,030.7**	**42.2**	**76.3**	**40.5**	**1,189.7**
Increase (inflows and revaluation of assets)	113.9	62.3	2.2	30.0	208.4
Decrease (amortization, depreciation, terminations)	(229.2)	(18.8)	(14.3)	(19.2)	(281.5)
Other changes	(6.8)	0.0	0.0	(0.4)	(7.2)
Net value as of December 31, 2020	**908.6**	**85.7**	**64.1**	**51.0**	**1,109.4**

*Restated for the IFRIC's decision on IFRS 16 of December 16, 2019

The items relating to leasing debt are presented in note 28.2.

Note 19 Impairment tests on non-financial assets

The principles of impairment of non-financial assets are detailed in note 2.10.

Goodwill, intangible assets with an indefinite useful life, and the cash generating units containing these elements are systematically tested annually for impairment in the second half of the year. The cash generating units are operating entities that generate independent cash flows. A Cash Generating Unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets.

The entry value of all Group brands was determined using the Relief From Royalty method, which consists of evaluating the discounted amount of the royalty savings generated by and received from the franchisees for the use of the brand (net of maintenance costs and taxes) and corresponds to the fair value of the brands on the acquisition date. To the extent that the Group's brands constitute non-current assets with an indefinite life span, they are not amortized but are systematically tested for impairment each year and when there is evidence of impairment. The brands recorded on the Group's balance sheet are Darty, Vanden Borre, WeFix, BilletReduc and Nature & Découvertes.

Any impairment is recognized in operating income for the period. The goodwill recorded on the Group balance sheet comes primarily from the acquisition of Darty. The principal values of the goodwill and the brands are analyzed in notes 15 and 16.

19.1 Assumptions used for impairment tests

The perpetual growth rates and discount rates, after tax, that are applied to the projected cash flows under the economic assumptions and estimated operating conditions used by the Group for the brands and for those cash generating units that recorded goodwill as of December 31, 2020 are as follows:

	Discount*		Perpetual growth	
	2020	**2019**	**2020**	**2019**
Cash Generating Unit France	8.9%	8.3%	1.0%	1.0%
Cash Generating Unit Belgium	8.9%	8.2%	1.0%	1.0%
Darty brand	9.9%	9.3%	1.0%	1.0%
Vanden Borre brand	9.9%	9.3%	1.0%	1.0%

** Weighted average cost of capital*

The projected cash flows were established during the second half of the year, for a period of three years, on the basis of budgets and medium-term plans, reflecting the strength of the two brands and the progress made with their consolidation. The medium-term plans and budgets that were used as the basis for the cash flow projections do not include Nature & Découvertes.

In parallel, the recently acquired brands BilletReduc, Nature & Découvertes and Wefix were also tested for impairment.

19.2 Impairment tests of principal values

19.2.1 Determination of the recoverable value of the cash generating units and brands

The recoverable value of each cash generating unit was determined on the basis of its value-in-use. Value-in-use is determined according to an estimate of expected future cash flows, taking into account the time value and specific risks related to the cash generating unit. Cash flow projections were made during the second half of the year, for a period of three years, based on budgets and medium-term plans. For the value-in-use calculation, a terminal value equal to capitalization in perpetuity of a normative annual cash flow is added to the value of expected future cash flows.

The recoverable value of a cash generating unit is the higher of its fair value less selling costs and its value-in-use.

The recoverable value of the brands was determined on the basis of the value-in-use of the brands, which is calculated by discounting the royalty savings generated by and received from the franchisees for the use of the brand (net of maintenance costs and taxes). Royalty savings projections were made in the second half of the year, for a three-year period, based on budgets and medium-term plans. To calculate value-in-use, a terminal value equal to capitalization in perpetuity of a normative saving is added to the value of the expected future savings.
The recoverable value of a brand is the higher of its fair value less selling costs and its value-in-use.

19.2.2 Assets and brands to be tested

The book values for each of the CGUs consist of the following items:

- goodwill,
- net intangible assets,
- net property, plant and equipment,
- IFRS 16 right-of-use assets deducted from leasing debt,
- deposits and securities related to operating assets,
- deferred taxes,
- working capital requirement, and
- provisions for contingencies and expenses.

The brands are subject to a specific impairment test.

Pursuant to IAS 36, property, plant and equipment and intangible assets are tested for impairment when there is evidence of impairment, and at least once a year for assets with an indefinite life span (goodwill and brands). The assets subject to impairment tests are grouped within cash generating units, the use of which generates independent cash flows.
When the recoverable value of a cash generating unit is lower than its net book value, an impairment is recognized in operating income.

The book value of a cash generating unit includes the book value of only the assets that can be directly attributed or assigned, on a reasonable and consistent basis, to the cash generating unit, and which will generate future cash inflows used to determine the CGU's value-in-use.

With regard to the IFRS 16 right-of-use assets to be tested as of December 31, 2020, the Group chose to apply a simplified approach in which the value to be tested includes the right-of-use assets deducted from leasing debt. The business plan projections, the terminal value and the discount rate are determined in accordance with the position before the application of IFRS 16.

The book value of a brand corresponds to the value of the brand recorded on the Group's balance sheet.

19.2.3 Sensitivity analyses

Sensitivity analyses performed as of December 31, 2020, in the event of a reasonable change in base assumptions and, in particular, in the event of a change of plus or minus 0.5 percentage points in the discount rate and plus or minus 0.5 percentage points in the perpetuity growth rate, did not result in any additional impairment on the Group's cash generating units or brands.

19.3 Impairment recognized during the period

Because there were indications of impairment following the health crisis that began in the early part of the year, in the first half of 2020 the Group updated the last impairment tests performed at the 2019 financial statements period-end date. The result of the updated tests was a €14.2-million impairment for the Darty brand, which had been valued at €301.7 million in 2016 when Darty was acquired. Darty's net carrying amount in the Group's financial statements is now €287.5 million. Prior to these impairment tests, the Group had performed profitability tests on all its stores. The store tests did not result in any impairment.

In the second half of 2020, the Group conducted new annual impairment tests for each of its Cash Generating Units (CGUs) and non-current assets with an indefinite useful life. For the annual tests, all financial and operational assumptions were updated.

Cash flow projections were made in November 2020 based on new forecasts that take account of the impact of the health crisis in 2020 and on medium-term plans over a three-year period that tie in with the Group's strategic plan. Following this new test, no further impairment was recorded other than that of the Darty brand identified in the first half of 2020.

Note 20 Non-current financial assets

Non-current financial assets consist of the following items:

(€ million)	**2020**	**2019**
Equity investments	0.0	0.0
Debt instruments at fair value through profit or loss	11.1	7.4
Financial assets available for sale	0.0	0.0
Deposits and guarantees	21.2	20.2
Other	0.3	0.3
Total	**32.6**	**27.9**

Debt instruments at fair value mainly represent the investment in the Daphni Purple fund. The change is primarily related to a call for funds for €0.4 million and the revaluation at net asset value for €3.0 million of the units held.

Deposits and guarantees represent the real estate lease guarantees.

Note 21 Cash and cash equivalents

21.1 Analysis by cash category

This item breaks down as follows:

(€ million)	**2020**	**2019**
Cash	1,568.7	995.5
Cash equivalents	0.0	0.0
Total	**1,568.7**	**995.5**

In 2020, the net increase in cash and cash equivalents of €573.2 million is mainly due to the State-guaranteed loan received for €500 million and the decline in operational investments due to the health crisis.

In addition, as of December 31, 2020, cash included €2.7 million allocated as part of the implementation of the liquidity agreement. This agreement is designed to promote transaction liquidity and consistency in the Group's share price. As of December 31, 2019, this amount was €2.2 million.

The items recognized by the Group as "Cash and cash equivalents" meet the criteria set out in the ANC's response of November 27, 2018 to the AMF concerning the accounting treatment of approved money market funds under the MMF Regulation. In particular, investments are regularly reviewed in accordance with Group procedures and in strict compliance with the qualification criteria defined under IAS 7 and the ANC's response. As of December 31, 2020, these analyses did not lead to changes in the accounting classification already adopted.

21.2 Analysis by currency

(€ million)	2020	%	2019	%
Euro	1,538.4	98.1%	975.2	98.0%
Swiss franc	18.3	1.2%	10.4	1.0%
US dollar	9.5	0.6%	9.7	1.0%
Other currencies	2.5	0.2%	0.2	0.0%
Total	**1,568.7**	**100.0%**	**995.5**	**100.0%**

Note 22 Inventories

(€ million)	2019	Change in working capital requirement	Change in scope	Change in foreign exchange rates	Assets and liabilities held for sale	2020
Gross sales inventories	1,107.7	(114.1)				993.6
Inventories impairment	(28.3)	(5.1)				(33.4)
Net inventories value	**1,079.4**	**(119.2)**	**0.0**	**0.0**	**0.0**	**960.2**

The Group may need to record an impairment on inventories:

- based on likelihood of disposal;
- if they are partially damaged;
- if they are completely obsolete; or
- if the sale price is less than the net realizable value.

Change in impairment *(€ million)*	2020	2019
As of January 1	**(28.3)**	**(26.6)**
(Additions)/reversals	(5.1)	1.5
Change in scope	0.0	(4.5)
Change in foreign exchange rates	0.0	(0.1)
Assets and liabilities held for sale	0.0	1.4
As of December 31	**(33.4)**	**(28.3)**

Note 23 Trade receivables

(€ million)	2019	Change in working capital requirement	Change in scope	Change in foreign exchange rates	Assets and liabilities held for sale	2020
Gross trade receivables	285.4	22.7			(0.7)	307.4
Impairment of trade receivables	(10.6)	(11.4)				(22.0)
Net value	**274.8**	**11.3**	**0.0**	**0.0**	**(0.7)**	**285.4**

An impairment on trade receivables is recognized according to the receivable's estimated recoverable value. The assessment of recoverable value varies by sales channel.

Change in impairment *(€ million)*	2020	2019
As of January 1	**(10.6)**	**(9.1)**
(Additions)/reversals	(11.4)	(0.9)
Change in scope	0.0	(0.6)
Change in foreign exchange rates	0.0	0.0
Assets and liabilities held for sale	0.0	(0.0)
As of December 31	**(22.0)**	**(10.6)**

The increase in the trade receivables impairment was mainly due to the increase in online sales and relationships with the Group's franchise partners.

Note 24 Current assets and liabilities & other non-current assets and liabilities

24.1 Current assets and liabilities

(€ million)	2019	Change in working capital requirement	Change in scope	Change in foreign exchange rates	Assets and liabilities held for sale	2020
Inventories (1)	1,079.4	(119.2)	0.0	0.0	(0.0)	960.2
Trade receivables due (2)	274.8	10.6	0.0	0.0	0.0	285.4
Trade receivables payable (3)	(63.6)	(7.0)	0.0	0.0	0.0	(70.6)
Net trade receivables (4)=(2)+(3)	**211.2**	**3.6**	**0.0**	**0.0**	**0.0**	**214.8**
Trade payables due (5)	(1,888.7)	104.3	0.0	0.0	0.0	(1,784.4)
Trade payables receivable and provisions (6)	221.4	2.0	0.0	0.0	0.0	223.4
Net trade payables (7)=(5)+(6)	**(1,667.3)**	**106.3**	**0.0**	**0.0**	**0.0**	**(1,561.0)**
Payroll liabilities (8)	(237.9)	(19.5)	0.0	0.0	0.0	(257.4)
Tax payables and receivables (excluding income tax) (9)	(93.4)	(26.8)	0.0	0.0	0.0	(120.2)
Other operating payables and receivables (10)	(212.8)	(36.7)	0.0	1.6	0.0	(247.9)
Other operating WCR (∑ 8 to 10)	**(544.1)**	**(83.0)**	**0.0**	**1.6**	**0.0**	**(625.5)**
Operating WCR (∑ 1 to 10)	**(920.9)**	**(92.3)**	**0.0**	**1.6**	**(0.0)**	**(1,011.5)**
Other current financial assets and liabilities	(6.6)	0.5	0.0	(0.1)	0.0	(6.2)
Payables and receivables on non-current operating assets	(29.3)	8.6	0.0	0.0	0.0	(20.7)
Tax receivables and payables due	(6.6)	(19.8)	0.0	0.0	0.0	(26.4)
Current assets and liabilities*	**(963.4)**	**(103.0)**	**0.0**	**1.5**	**(0.0)**	**(1,064.8)**

* Excluding current provisions, borrowings and short-term financial debt, and cash and cash equivalents.

Because of the nature of its business activities, the Group's exposure to the risk of default by its debtors does not have a material impact on the Group's business, financial position or net assets. The "Other operating payables and receivables" item includes loyalty program membership, warranty extensions, ticketing and customer gift boxes.

Trade payables due primarily reflects the debts contracted with Group suppliers. They include, where applicable, those that the Group's suppliers sold to a financial institution as part of a reverse factoring program. The accounting policy in relation to these transactions depends on whether or not the characteristics of the payables concerned have been modified. When the trade payables are not substantially modified (term and maturity, consideration, face value), they are retained in trade payables. Thus the Group has entered into reverse factoring agreements with financial institutions in order to allow certain suppliers to receive early payment of their receivables in the normal course of purchases made.

In 2020, Fnac Darty was involved in two reverse factoring programs with major Group suppliers.

These programs were as follows:
1 – A long-standing program with appliance suppliers. This program was partially used at December 31, 2020 and 2019.
2 – A new program, set up in October 2020, with a consumer electronics supplier. This program was fully used at December 31, 2020.

The new consumer electronics program allowed the Group to maintain its usual payment terms in 2020 compared to those of 2019.

For both programs, the analysis conducted under IFRS standards led to the conclusion that the change made to trade payables was non-substantial and that the characteristics of both programs remained similar to those of a trade payable with payment terms still compliant with France’s law on the modernization of business practices. Thus in the case of the Group's two factoring programs, the liability remained a trade payable.

Neither program has a term limit.

Compared to 2019, the implementation of the new program had no impact on the Group’s cash position because there was no change to the payment terms originally negotiated with the supplier.

24.2 Other non-current assets & liabilities

(€ million)	**2020**	**2019**
Warranty extensions for more than one year	121.1	162.9
Commitments to acquire minority interests	2.8	8.5
Performance-based earn-outs	0.5	18.1
Total other non-current liabilities	**124.4**	**189.5**

As of December 31, 2020, other non-current liabilities stood at €124.4 million, €121.1 million of which represents the portion of income from Darty warranty extensions of one year or more. As of December 31, 2020, this item also included the valuation of the commitment to purchase minority interests in WeFix for €2.8 million, and the valuation of the €0.5-million performance-based earn-out payment to PC Clinic. As of December 31, 2019, non-current liabilities amounted to €189.5 million, of which €162.9 million was for the portion of income from Darty warranty extensions of one year or more, €8.7 million for the valuation of the commitment to purchase minority interests in WeFix, €17.5 million for the valuation of the performance-based earn-out for Nature & Découvertes, and €0.5 million for the valuation of the performance-based earn-out for PC Clinic.

As of December 31, 2020 and 2019, the Group's other non-current assets are not significant.

Note 25 Shareholders' equity

25.1 Share capital

As of December 31, 2020, share capital was €26,608,571, consisting of 26,608,571 fully paid-up shares with a par value of €1. Compared to 2019, share capital showed a net increase of 92,999 shares. In 2020, the net increase in share capital was solely due to the settlement of performance stock option plans.

25.2 Appropriation of earnings

No dividend was paid in 2020 for 2019.

25.3 Change in shareholders' equity

	Shareholders' equity		
(€ million)	**Group share**	**Non-controlling interests**	**Total**
As of December 31, 2019	**1,387.9**	**10.4**	**1,398.3**
Total comprehensive income	(25.0)	(7.2)	(32.2)
Capital increase/(decrease)	0.0		0.0
Treasury stock	0.5		0.5
Valuation of share-based payments	8.1		8.1
Change in scope	(1.8)	1.8	0.0
Other movements	(1.2)	(0.1)	(1.3)
As of December 31, 2020	**1,368.5**	**4.9**	**1,373.4**

In 2020, the change in shareholders' equity was largely due to:

- Comprehensive income for the year;
- The valuation of share-based payments;
- Changes in consolidation scope were due to the acquisition of WeFix shares under a promise of sale representing 19% of WeFix's capital.

Note 26 Employee benefits and similar payments

According to the laws and practices specific to each country, Group employees are eligible for long-term or post-employment benefits in addition to their short-term compensation. These additional benefits are either in the form of defined contribution plans or defined benefit plans.

Under the defined contribution plans, the Group does not have to make supplementary payments in addition to the contributions already paid. For such plans, contributions are expensed as incurred.

Defined benefit plans require an actuarial valuation by independent experts. These benefits are composed primarily of retirement benefits and long-service awards in France, and mandatory supplementary pension plans (LPPs) in Switzerland.

Retirement benefits and long-service awards in France

Retirement benefits in France consist of a lump sum paid by a Company to an employee upon retirement. The amount depends on the employee’s length of service at the retirement date and is defined by a collective bargaining agreement at industry or company level. Under the pension plan, employees’ accrued benefits do not vest until the employee reaches retirement age (non-vested benefits). Retirement benefits are not linked to other standard retirement benefits, such as pensions paid by social security or supplementary plans (Arrco and Agirc).

In France, long-service awards are not mandatory but discretionary. There is no legal obligation to pay a benefit to an employee. However, the French entities in the Group have elected to give a bonus to their employees when they receive a long-service award for 10 and 20 years of service in the Group.

Mandatory supplementary pension plans (LPP) in Switzerland

In Switzerland the pension plan is affiliated with a collective foundation. The foundation bears the investment and longevity risks and transfers a portion of the risk benefits to an insurance company.

The Group has no obligations with respect to medical costs.

UK pension fund:

The British Comet pension fund reflects the pension commitment for former Comet employees in the United Kingdom.

Supplementary pension plans:

A defined benefit group pension plan reserved for certain members of senior management.

26.1 Changes during the period

Changes in the current value of the obligation for defined benefit plans are as follows:

(€ million)	2020	2019
Discounted value of the commitment as of January 1	**842.7**	**739.7**
Cost of services provided during the period	12.0	9.7
Contributions paid by the members	0.7	0.5
Financial interest expense	1.6	2.4
Cost of past services	0.5	0.0
Revaluation of liabilities	96.7	92.5
Reductions	(3.8)	(8.5)
Benefits paid	(21.3)	(26.7)
Change in scope	0.0	2.4
Change in foreign exchange rates	(34.9)	30.9
Liabilities held for sale	0.0	(0.2)
Discounted value of the commitment as of December 31	**894.2**	**842.7**

The increased commitment in 2020 is mainly related to the remeasurement of liabilities amounting to €96.7 million, due primarily to the Comet pension fund in the UK following changes in discount rates. The benefits paid (Group total of €21.3 million, including €13.2 million for the Comet pension fund) were down slightly from 2019 (€26.7 million).

The breakdown of the discounted value of the commitment by type of plan and by country as of December 31, 2020 is as follows:

(€ million)	2020	2019
Pension funds – United Kingdom	679.0	637.6
Retirement benefits – France	192.5	182.3
Supplementary pension plans (LPP) – Switzerland	14.2	12.6
Supplementary pension plans – France	1.2	3.5
Long-service awards – France	7.1	6.6
Other	0.2	0.1
Discounted value of the commitment as of December 31	**894.2**	**842.7**

Changes in the fair value of the assets of defined benefit plans are as follows:

(€ million)	2020	2019
Fair value of the defined benefit plan assets as of January 1	**666.0**	**578.2**
Employer contributions	3.2	5.4
Contributions paid by the members	0.6	2.2
Financial interest on assets	0.1	0.3
Benefits paid	(16.7)	(22.0)
Actual return on assets	69.9	71.6
Other changes	0.0	0.0
Change in scope	0.0	0.0
Change in foreign exchange rates	(34.8)	30.3
Fair value of the defined benefit plan assets as of December 31	**688.3**	**666.0**

For all plans, the payments of expected benefits in 2021 are estimated at €18.9 million.

As of December 31, 2020, 54.4% of funded defined benefit plans were invested in debt instruments.

The assets of the British Comet pension fund can be divided into two types of categories:

1- investment funds structured on the return; and

2- guarantee funds with limited risk.

The reconciliation of the balance sheet data and the actuarial obligation of the defined benefit plans is as follows:

(€ million)	**2020**	**2019**	**2018**	**2017**	**2016**
Discounted value of the commitment	894.2	842.7	739.7	798.0	816.3
Fair value of the defined benefit plan assets	(688.3)	(666.0)	(578.2)	(618.2)	(630.0)
Deficit/(Surplus)	**205.9**	**176.7**	**161.5**	**179.8**	**186.3**
Net provisions recognized under liabilities on the balance sheet	**205.9**	**176.7**	**161.5**	**179.8**	**186.3**
including provisions – continuing operations	205.9	176.7	161.5	179.8	186.3
including provisions – discontinued operations	0.0	0.0	0.0	0.0	0.0

(€ million)	**2020**	**2019**
Pension funds – United Kingdom	19.8	0.0
Retirement benefits – France	172.5	162.8
Supplementary pension plans (LPP) – Switzerland	5.0	3.7
Supplementary pension plans – France	1.2	3.4
Long-service awards – France	7.2	6.7
Other	0.2	0.1
Net provisions recognized under liabilities on the balance sheet	**205.9**	**176.7**

26.2 Expenses recognized

The total expense of €9.9 million in 2020 (versus €3.5 million in 2019) recognized for defined benefit plans breaks down as follows:

(€ million)	2020	2019
Cost of services provided	12.1	9.8
Other costs	0.1	0.1
Net financial cost	1.4	2.1
Cost of past services taken to income	0.0	0.0
Decreases and payments	(3.7)	(8.5)
Total expense	9.9	3.5
Of which recognized as operating expenses	8.5	1.4
net financial expense	1.4	2.1
discontinued operations	0.0	0.0

The increase in the 2020 expense (€9.9 million) compared with the 2019 expense (€3.5 million) is mainly due to the decrease in income related to plan reductions.

26.3 Actuarial assumptions

The main actuarial assumptions used to calculate Fnac Darty's obligations are as follows:

	2020	2019
Discount rate	1.4% (United Kingdom), 0% (Switzerland), 0.55% (France)	2.1% (United Kingdom), 0.25% (Switzerland), 0.80% (France)
Expected rate of increase in salaries	1,50%	1,50%

Pursuant to amended IAS 19, a single rate is applied to the difference between plan liabilities and plan assets. This rate is the discount rate of the actuarial liability. It is determined on the basis of underlying AA-rated corporate bonds and a term consistent with that of plans for which an actuarial assumption has been made.

The sensitivity analysis given the assumed discount rates, plus or minus 50 basis points, is provided in the following table:

(€ million)	Retirement benefits	Long-service awards – France	Supplementary pension plans (LPP) – Switzerland	Supplementary pension plans – France	Pension funds – United Kingdom	Other	Total
Discount rate -50 basis points	204.6	7.4	15.6	1.2	752.0	0.0	**980.7**
Discounted value of the 2020 commitment	192.4	7.2	14.2	1.2	679.0	0.2	**894.2**
Discount rate +50 basis points	181.4	6.9	13.0	1.2	613.3	0.0	**815.7**

Note 27 Provisions

(€ million)	2019	Additions	Reversal used	Reversal not used	Change in scope	Change in foreign exchange rates	Other changes	2020
Provisions for restructuring	6.9		(6.2)					0.6
Provisions for litigation and disputes	28.3	8.9	(7.1)	(4.0)			0.1	26.3
Other provisions	3.9	1.2	(0.8)	(0.6)				3.7
Current provisions	**39.0**	**10.1**	**(14.0)**	**(4.6)**	**0.0**	**0.0**	**0.1**	**30.6**
Total	**39.0**	**10.1**	**(14.0)**	**(4.6)**	**0.0**	**0.0**	**0.1**	**30.6**
Impact on operating income		**(10.1)**		**4.6**				**(5.5)**
- Current operating income		(7.3)		1.7				**(5.6)**
- Other non-current operating income and expense		(1.8)		2.9				**1.1**
- Discontinued operations		(1.0)						**(1.0)**

In 2020, the reduction in provisions for contingencies and expenses was primarily linked to the settlement of restructuring provisions as part of the Group's reorganization following the acquisition of Darty, the after-sales service restructuring and optimization plan, and the Massy warehouse voluntary departure plan. The additions correspond to various litigation and disputes.

(€ million)	2018	Additions	Reversal used	Reversal not used	Change in scope	Change in foreign exchange rates	Other changes	2019
Provisions for restructuring	27.5	5.4	(24.1)	(1.9)				6.9
Provisions for litigation and disputes	19.9	8.3	(5.0)	(4.1)	6.9		2.2	28.3
Other provisions	4.5	1.1		(1.7)				3.9
Current provisions	**51.9**	**14.9**	**(29.0)**	**(7.8)**	**6.9**	**0.0**	**2.2**	**39.0**
Total	**51.9**	**14.9**	**(29.0)**	**(7.8)**	**6.9**	**0.0**	**2.2**	**39.0**
Impact on operating income		**(14.9)**		**7.8**				**(7.1)**
- Current operating income		(6.4)		4.8				**(1.7)**
- Other non-current operating income and expense		(8.5)		3.0				**(5.4)**

In 2019, the reduction in provisions for contingencies and expenses was primarily linked to the reversal of restructuring provisions as part of the Group's reorganization following the acquisition of Darty, the after-sales service restructuring and optimization plan, and closure of the Wissous 2 logistics warehouse. The additions correspond primarily to the voluntary departure plan for the Massy warehouse, and to various disputes and legal actions. Entries into the scope include the provisions incorporated in the context of the Nature & Découvertes acquisition.

Note 28 Financial debt

28.1 Analysis of debt by maturity schedule

(€ million)	**2020**	**Y+1**	**Y+2**	**Y+3**	**Y+4**	**Y+5**	**Beyond**
Long-term borrowings and financial debt	**901.9**	**0.0**	**81.2**	**87.4**	**316.7**	**16.7**	**399.9**
2026 bond	350.0						350.0
2024 bond	300.0				300.0		
European Investment Bank loan	100.0			16.7	16.7	16.7	49.9
Medium-term credit facility	150.0		80.0	70.0			
Other financial debt	1.9		1.2	0.7			
Short-term borrowings and financial debt	**552.9**	**552.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
State-guaranteed loan	500.0	500.0					
Medium-term credit facility	50.0	50.0					
Capitalized interest on bond issues	1.3	1.3					
Other financial debt	1.6	1.6					
Total financial debt excluding IFRS 16	**1,454.8**	**552.9**	**81.2**	**87.4**	**316.7**	**16.7**	**399.9**
%		**38.0%**	**5.6%**	**6.0%**	**21.8%**	**1.1%**	**27.5%**
Leasing Debt IFRS 16	**1,113.8**	**229.7**	**222.1**	**192.5**	**135.5**	**98.2**	**235.8**
Long-term leasing debt IFRS 16	884.1		222.1	192.5	135.5	98.2	235.8
Short-term leasing debt IFRS 16 (1)	229.7	229.7					
Total financial debt with IFRS 16	**2,568.6**	**782.6**	**303.3**	**279.9**	**452.2**	**114.9**	**635.7**

(1) Discounted value of payment due in the next twelve months.

As of December 31, 2020, gross financial debt consisted mainly of the bond issues maturing in 2024 and 2026 for a total of €650 million, the state-guaranteed loan for €500 million, the €200-million medium-term credit facility and the €100-million European Investment Bank loan.

In April 2020 Fnac Darty signed a €500-million loan agreement, guaranteed by the French government, with a consortium of French banks. Obtained under the state-guaranteed loan program related to the COVID-19 crisis, the loan is designed to safeguard the Group's liquidity and ensure business resumption. This state-guaranteed loan, 70% of which is guaranteed by the French government, has a one-year maturity with an option to extend for a further five years (to April 2026). This new financing means that Fnac Darty is supported by leading French banking institutions in a context of unprecedented crisis. The Group therefore has a solid financing structure, balanced between bank borrowings and bonds. The financing also means the Group will have a significantly more secure cash position. In addition to the above, the Group increased the amount of its short-term negotiable debt instrument program from €300 million to €400 million. The short-term negotiable debt instruments program was unused at the 2020 annual balance sheet date. As of December 31, 2019, a total of €50 million had been used.

The 2020 financial debt includes leasing debt related to the application of IFRS 16. The analysis of leasing debt is detailed in Note 28.2.

(€ million)	**2019**	**Y+1**	**Y+2**	**Y+3**	**Y+4**	**Y+5**	**Beyond**
Long-term borrowings and financial debt	**936.4**	**0.0**	**53.5**	**81.7**	**67.6**	**316.9**	**416.7**
2026 bond	350.0						350.0
2024 bond	300.0					300.0	
European Investment Bank loan	100.0				16.7	16.7	66.6
Medium-term credit facility	180.0		50.0	80.0	50.0		
Other financial debt	6.4		3.5	1.7	0.9	0.2	0.1
Short-term borrowings and financial debt	**77.0**	**77.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Medium-term credit facility	20.0	20.0					
Capitalized interest on bond issues	1.3	1.3					
Negotiable debt instruments	50.0	50.0					
Other financial debt	5.7	5.7					
Total financial debt excluding IFRS 16	**1,013.4**	**77.0**	**53.5**	**81.7**	**67.6**	**316.9**	**416.7**
%		**7.6%**	**5.3%**	**8.1%**	**6.7%**	**31.3%**	**41.1%**
Leasing debt IFRS 16 *	**1,179.3**	**212.3**	**214.1**	**209.9**	**160.3**	**123.9**	**258.8**
Long-term leasing debt IFRS 16 *	967.0		214.1	209.9	160.3	123.9	258.8
Short-term leasing debt IFRS 16 * (1)	212.3	212.3					
Total financial debt with IFRS 16*	**2,192.7**	**289.3**	**267.6**	**291.6**	**227.9**	**440.8**	**675.5**

* Restated for the IFRIC's decision on IFRS 16 of December 16, 2019

(1) Discounted value of payment due in the next twelve months.

28.2 Leasing debt

Leasing debt are broken down as follows:

(€ million)	As of December 31, 2019*	New agreements and revaluations	Devaluations	Redemptions	Change in foreign exchange rates	Reclassification	Other changes	Liabilities held for sale	As of December 31, 2020
Leasing debt with a maturity of less than one year	212.3	54.1	(7.7)	(225.3)		196.6	(0.3)		**229.7**
Leasing debt with a maturity of more than one year	967.0	157.0	(43.4)		0.1	(196.6)			**884.1**
Leasing debt	**1,179.3**	**211.1**	**(51.1)**	**(225.3)**	**0.1**	**0.0**	**(0.3)**	**0.0**	**1,113.8**

* Restated for the IFRIC's decision on IFRS 16 of December 16, 2019

In order to compare 2020 against 2019, 2019 leasing debt under IFRS 16 were retroactively restated in accordance with the IFRS IC's new rules. The restatement led to a remeasurement of leasing debt as of December 31, 2019 of €163.4 million.

The maturity schedule of leasing debt is broken down as follows:

(€ million)	**2020**
Y+1	229.7
Y+2	222.1
Y+3	192.5
Y+4	135.5
Y+5	98.2
More than 5 years	235.8
Total	**1,113.8**

Exemptions, concessions and other information related to IFRS 16:

With regard to leases, variable lease payments that do not depend on an index or interest rate are not included in the measurement of the leasing debt under IFRS 16 or in the measurement of the right-of-use asset. The corresponding payments are recognized over the period and are included under operating expenses in the income statement.

For short-term leases (less than or equal to 12 months) and leases for low-value assets (under US$5,000), the Group has chosen to apply the exception permitted under the standard and to recognize a lease expense. This expense is set out in "Other current operating income and expenses" in the consolidated income statement.

As a practical expedient, the Group opted not to apply IFRS 16 to lease agreements that were already defined as finance lease agreements under IAS 17, for leases concluded or amended before January 1, 2019. However, a reclassification is carried out in order to link the finance lease liabilities to the liability and the finance lease assets to the right-of-use asset.

In accordance with IFRS 16 guidelines, leasehold rights have been reclassified under right-of-use assets.

In accordance with IFRS 16, the Group recognizes a sublease receivable for sublease agreements related to real estate leases primarily by offsetting against the right-of-use asset, with the difference recognized in shareholders' equity.

Exemptions, concessions and other information related to IFRS 16 are detailed in the tables below:

(€ million)	**2020**	**2019**
Variable rental expenses	1.0	1.8
Expenses on low-value contracts	0.7	1.0
Expenses on short-term contracts	0.5	0.6
Sublease income	0.9	0.7

(€ million)	**2020**	**2019**
Leasing commitment on short-term contracts	0.2	0.2
Finance lease assets	0.9	1.3
Finance lease liabilities	0.3	1.0
Leasehold rights reclassified as right-of-use assets	40.4	47.2

28.3 Analysis by repayment currency

(€ million)	**2020**	**Long-term borrowings and financial debt**	**Short-term borrowings and financial debt**	**%**	**2019 restated***	**%**
Euro	2,545.2	1,766.9	778.3	99.1%	2,167.3	98.8%
Swiss franc	23.0	18.9	4.1	0.9%	24.6	1.1%
Other	0.4	0.2	0.2	0.0%	0.8	0.0%
Total	**2,568.6**	**1,786.0**	**782.6**		**2,192.7**	

* Restated for the IFRIC's decision on IFRS 16 of December 16, 2019

28.4 Gross debt by category

The Group's gross debt is as follows:

(€ million)	2020	2019 restated*
2026 bond	350.7	350.7
2024 bond	300.6	300.6
State-guaranteed loan	500.0	0.0
Medium-term credit facility	200.0	200.0
European Investment Bank loan	100.0	100.0
Negotiable debt instruments	0.0	50.0
Other financial debt	3.5	12.1
Total financial debt excluding IFRS 16	**1,454.8**	**1,013.4**
Leasing debt IFRS 16	**1,113.8**	**1,179.3**
Long-term leasing debt IFRS 16	884.1	967.0
Short-term leasing debt IFRS 16 (1)	229.7	212.3
Total financial debt with IFRS 16	**2,568.6**	**2,192.7**

* Restated for the IFRIC's decision on IFRS 16 of December 16, 2019

(1) Discounted value of payment due in the next twelve months.

Note 29 Net financial debt

The Group's net financial debt can be broken down as follows:

(€ million)	2020	2019
Cash and cash equivalents	1,568.7	995.5
Gross financial debt	(1,454.8)	(1,013.4)
Net cash position	**113.9**	**(17.9)**

(€ million)	2020	2019 restated*
Leasing debt	1,113.8	1,179.3
Net cash position	(113.9)	17.9
Net financial debt with IFRS 16	**999.9**	**1,197.2**

*Restated for the IFRIC's decision on IFRS 16 of December 16, 2019

Note 30 Cash flow statement

Net cash from bank overdrafts stood at €1,568.7 million as of December 31, 2020 and corresponds to the cash and cash equivalents presented in the cash flow statement.

(€ million)	2020	2019
Cash and cash equivalents in the balance sheet	**1,568.7**	**995.5**
Bank overdrafts	0.0	0.0
Cash and cash equivalents in the cash flow statement	**1,568.7**	**995.5**

The change in cash and cash equivalents between December 31, 2019 and December 31, 2020 represented an increase of €573.2 million.

(€ million)	2020	2019
Net cash flows from operating activities	546.2	551.8
Net cash flows from investing activities	(116.9)	(238.9)
Net cash flows from financing activities	169.4	(208.6)
Net cash flows from discontinued operations	(25.0)	(27.6)
Impact of changes in foreign exchange rates	(0.5)	0.2
Net change in cash	**573.2**	**76.9**

30.1 Net cash flows from operating activities

Cash flows from operating activities are mainly produced by the Group's principal cash generating activities and can be broken down as follows:

(€ million)	2020	2019
Cash flow before tax, dividends and interest	544.5	570.4
Change in working capital requirement	67.2	51.8
Income tax paid	(65.5)	(70.4)
Net cash flows from operating activities	**546.2**	**551.8**

In 2020, net cash flows from operating activities generated a resource of €546.2 million, versus €551.8 million in 2019.

The composition of cash flow before tax, dividends and interest was as follows:

(€ million)	2020	2019
Net income from continuing operations	**88.4**	**114.1**
Current and non-current additions and reversals on non-current assets and provisions for contingencies and expenses	304.5	311.7
Current proceeds from the disposal of operating assets	0.8	(0.2)
Non-current proceeds from the disposal of operating assets	0.5	4.6
Non-current proceeds from the disposal of financial assets	29.1	0.0
Deferred tax income and expense	(18.2)	(7.8)
Discounting of provisions for pensions & other similar benefits	2.1	(2.9)
Financial additions and reversals on non-current financial assets	10.8	(1.4)
Other items with no impact on cash	0.0	0.0
Income and expense with no impact on cash	**329.6**	**304.0**
Cash flow	**418.0**	**418.1**
Financial interest income and expense	48.9	72.9
Dividends received	(0.2)	0.0
Net tax expense payable	77.8	79.4
Cash flow before tax, dividends and interest	**544.5**	**570.4**

Current and non-current additions and reversals on non-current assets and provisions for contingencies and expenses includes the amortization of the right-of-use asset pursuant to the application of IFRS 16.

30.2 Net cash flows from investing activities

The Group's net cash flows from investing activities include cash flows for acquisitions and disposals of property, plant, and equipment and intangible assets (net operating investments), as well as acquisitions and disposals of subsidiaries net of cash acquired or transferred, acquisitions and disposals of other financial assets, and interest and dividends received (net financial investments).

The operating and financial investments made by the Group in 2020 amounted to €116.9 million. In 2019, they represented an expenditure of €238.9 million.

(€ million)	**2020**	**2019**
Net operating investments	(106.7)	(145.0)
Net financial investments	(10.2)	(93.9)
Cash flows from investing activities	**(116.9)**	**(238.9)**

The net operating investments made by the Group in 2020 amounted to €106.7 million. Investments were made specifically to open new stores in the countries where the Group operates, automate logistics warehouses, install Kitchen Spaces in the Darty network, develop the Group's websites, increase IT costs to modernize infrastructure within the Group, and digitize existing stores in order to improve the customer experience.

Generally, investments are intended to support the Group's strategy, particularly the complementary features of the Fnac and Darty brands, the omnichannel platform and the digital segment.

(€ million)	**2020**	**2019**
Acquisitions of intangible assets	(41.0)	(52.1)
Acquisitions of property, plant & equipment	(58.4)	(100.3)
Total asset acquisitions before change in payables on non-current assets	**(99.4)**	**(152.4)**
Change in payables on non-current assets	(8.6)	5.4
Total asset acquisitions	**(108.0)**	**(147.0)**
Disposals of non-current assets	1.3	2.0
Total asset acquisitions and disposals	**(106.7)**	**(145.0)**

The Group's net financial investments represented an outflow of €10.2 million in 2020 versus an outflow of €93.9 million in 2019.

(€ million)	**2020**	**2019**
Acquisitions and disposals of subsidiaries net of cash acquired and transferred	(9.1)	(92.5)
Acquisitions of other financial assets	(1.3)	(1.4)
Disposals of other financial assets	0.0	0.0
Interest and dividends received	0.2	0.0
(Net) financial investments	**(10.2)**	**(93.9)**

In 2020, acquisitions and disposals of subsidiaries net of cash acquired and transferred represented a net outflow of €9.1 million, mainly related to:

- an inflow of €3.5 million received in March 2020 as part of the adjusted acquisition price of Nature & Découvertes, in accordance with the provisions of the sale agreement;
- an outflow of €6.0 million made in October 2020 in connection with the finalization of the calculation and trade related to the Nature & Découvertes earn-out provided for in the acquisition agreement;
- an outflow of €6.0 million related to the acquisition of WeFix shares under a promise of sale representing 19% of WeFix's equity. As a result of this acquisition, the Group now has a 69% stake in WeFix.

Acquisitions of other financial assets in 2020 included security deposits for funding providers totaling €0.9 million and a Daphni Purple call for funds totaling €0.4 million. The Group agreed to underwrite the remaining 23% of Daphni shares for €1.6 million.

In 2019, acquisitions and disposals of subsidiaries net of debt accounted for an outflow of €106.7 million in connection with the acquisitions of Nature & Découvertes, BilletReduc, CTS France and PC Clinic in Portugal, which was offset by the sale of a 48% stake in France Billet to CTS Eventim as part of the strategic partnership concluded with the CTS Eventim group on October 31, 2019.

Acquisitions of other financial assets in 2019 included the two calls for funds from Daphni Purple for a total of €1.4 million.

30.3 Net cash flows from financing activities

Financing activities are activities that result in changes to the size and composition of the entity's contributions to equity and borrowings.

(€ million)	**2020**	**2019**
Capital increase/(decrease)	0.0	7.1
Other transactions with shareholders	0.0	0.0
Purchases or sales of treasury shares	0.7	(21.0)
Dividends paid to shareholders	0.0	0.0
Bonds issued	500.0	650.0
Bonds repaid	(58.6)	(650.0)
Repayment of leasing debt	(225.2)	(212.8)
Interest paid on leasing debt	(21.9)	(21.1)
Increase in other financial debt	0.0	100.0
Redemption of other financial debt	0.0	(10.4)
Interest and equivalent payments	(25.2)	(45.8)
Financing of the Comet pension fund	(0.4)	(4.6)
Net cash flows from financing activities	**169.4**	**(208.6)**

Net cash flows from financing activities amounted to a net resource of €169.4 million in 2020, compared to a net outflow of €208.6 million in 2019.

In 2020,

- Acquisitions or sales of treasury stock for €0.7 million correspond to net financial flows related to the acquisition and sale of Fnac Darty shares carried out under the liquidity agreement. As of December 31, 2020, the Group held 68,010 treasury shares,
- The bond issue corresponds to the €500 million loan agreement, guaranteed by the State, which the Group signed with a pool of French banks in April 2020. The loan, which is a State-guaranteed loan linked to the COVID-19 crisis,

is intended to secure the Group’s liquidity and ensure business continuity,

- The redemption of borrowings of €58.6 million mainly corresponds to the program of short-term negotiable debt instruments, which was unused as of December 31, 2020. The program is designed to replace the drawdowns on the revolving credit facility for the Group’s seasonal financing needs. This program, which was set up in 2018 and increased from €300 million to €400 million in the first half of 2020, consists of issues made on the short-term debt market, with a maximum maturity of one year. As of December 31, 2020, this program had not been used, whereas €50 million had been used as of December 31, 2019.

  In addition, various medium-term loans were repaid in 2020 for a total of €8.6 million,

- Repayments of leasing debt of €225.2 million and interest paid on leasing debt of €21.9 million correspond to rental payments that fall within the scope of application of IFRS 16,

- Interest and equivalent payments of €25.2 million represent the financial interest on the instruments set up to finance the Group.

In 2019,

- The capital increase of €7.1 million primarily represented the creation of 110,937 shares to support Fnac Darty’s Employee Stock Ownership Plan implemented for employees in Belgium, Spain, France, the Netherlands, Portugal and Switzerland,

- Outflows for the purchase of treasury stock included €20.3 million in respect of the second, third and fourth tranches of the treasury share buyback program. In total, 296,750 shares were redeemed and then cancelled during 2019. This item also included a net outflow of €0.7 million related to the acquisition and sale of Fnac Darty shares carried out under the liquidity agreement. As of December 31, 2019, the Group held 78,750 treasury stocks,

- The bond issue corresponded to the placement of senior bonds with a cumulative principal amount of €650 million, composed of a cumulative principal amount of €300 million in senior bonds maturing in 2024, and a cumulative principal amount of €350 million in senior bonds maturing in 2026. The 2024 bonds pay an annual coupon of 1.875%. The 2026 bonds pay an annual coupon of 2.625%,

- After the abovementioned offering had closed, Fnac Darty used the income from the offering and the available cash to repay in full its outstanding senior bonds of €650 million at 3.25%, maturing in 2023, and to pay the associated premiums, costs, fees and expenses.
  In accordance with IFRS 9, the analysis carried out concluded that the repaid debt had been settled, leading to the derecognition of the former debt. The impacts were as follows:

  - ✓ Derecognition of the former debt with an impact on income from premiums, discounts or original charges that were not fully amortized,
  - ✓ Registration of the new debt, and
  - ✓ Spread of the new charges attributable to the new debt,

- Repayments of leasing debt and interest paid on leasing debt corresponded to rental payments that fall within the scope of application of IFRS 16,

- The €100 million net increase in other financial debt was linked to the signing of the loan agreement with the European Investment Bank (EIB), and

- The interest and equivalent payments represent the financial interest of the instruments set up for Group financing and a non-recurring expense of €27.0 million in 2019 following the renegotiation of the bond issue.

30.4 Financing of the Comet pension fund

The financing of the British Comet pension fund, which was integrated in the Darty acquisition, represents the cash paid by the Group under the pension commitments for former Comet employees in the United Kingdom. From July 2017, the financing of the Comet pension fund amounted to £4.0 million per year. This financing was renegotiated in 2019 and payments have been suspended since January 2020, the fund being in equilibrium according to UK pension fund standards. The outflow of €0.4 million in 2020 corresponds to the last payment made in January 2020 for December 2019.

Note 31 Non-current assets held for sale and discontinued operations

A discontinued operation that was sold or is held for sale is defined as a component of an entity that has separate cash flows from the rest of that entity and that represents a principal and distinct business line or region. Over the reported periods, the income from these activities is presented on a separate line in the income statement, under "Discontinued operations," and is restated in the cash flow statement.

In the fourth quarter of 2019, the Group launched a process to find a partner for its Dutch subsidiary BCC. An investment bank was instructed to identify potential partners and conduct discussions. In accordance with IFRS 5, BCC was the subject of specific reporting in the consolidated financial statements.
In September 2020, Fnac Darty entered into exclusive negotiations with Mirage Retail Group, a Dutch group which owns several retail chains, for the sale of 100% of BCC.
On November 25, 2020, Fnac Darty completed the sale of 100% of BCC to Mirage Retail Group. The Group has obtained the necessary authorization from the relevant regulatory authorities and staff representative bodies.

31.1 Net income from discontinued operations

(€ million)	**2020**	**2019**
Income from ordinary activities	**436.6**	**416.6**
Cost of sales	(334.7)	(317.3)
Gross margin	**101.9**	**99.3**
Personnel expenses	(50.7)	(53.7)
Other current operating income and expense	(58.4)	(51.9)
Current operating income	**(7.2)**	**(6.3)**
Other non-current operating income and expense	(84.1)	(0.2)
Operating income	**(91.3)**	**(6.5)**
Financial expense, net	(3.1)	(3.7)
Pre-tax income	**(94.4)**	**(10.2)**
Income tax	0.0	0.0
Net income	**(94.4)**	**(10.2)**

Net income from discontinued operations mainly includes:

- BCC's activities until its sale on November 25, 2020,
- impairment corresponding to the full value of BCC's current accounts,
- the costs of divestiture of the subsidiary,
- the proceeds from the disposal of the subsidiary.

The proceeds include a small amount of expenses related to the Group's historical businesses in Italy and the UK.

31.2 Net cash flows from discontinued operations

(€ million)	2020	2019
Net cash flows from operating activities	0.9	0.0
Net cash flows from investing activities	(2.0)	(4.4)
Net cash flows from financing activities	(12.0)	(12.2)
Net cash flows from discontinued operations	**(13.1)**	**(16.6)**
Reclassification of cash from discontinued operations to assets held for sale	(11.9)	(11.0)
Net cash flows from discontinued operations	**(25.0)**	**(27.6)**

Net cash flows from discontinued operations primarily include BCC's activities, which recorded a net flow of -€11.9 million in 2020 and a net flow of -€16.0 million in 2019.

31.3 Assets held for sale and payables associated with assets held for sale

(€ million)	2020	2019
Assets held for sale	**0.0**	**200.6**
Intangible assets	*0.0*	*4.1*
Property, plant & equipment	*0.0*	*23.4*
Right-of-use assets related to lease agreements	*0.0*	*69.2*
Inventories	*0.0*	*72.2*
Trade receivables	*0.0*	*0.0*
Tax receivables due	*0.0*	*0.0*
Other current assets	*0.0*	*20.8*
Cash and cash equivalents	*0.0*	*10.9*
Liabilities related to assets held for sale	**0.0**	**135.1**
Leasing debt with a maturity of more than one year	*0.0*	*61.4*
Provisions for pensions and other equivalent benefits	*0.0*	*0.3*
Leasing debt with a maturity of less than one year	*0.0*	*8.8*
Other current financial liabilities	*0.0*	*0.3*
Trade payables	*0.0*	*51.6*
Other current liabilities	*0.0*	*12.7*
Liabilities relating to stores being sold	*0.0*	*0.0*

Assets held for sale and payables associated with assets held for sale in 2019 represented the assets and associated liabilities of BCC.

Note 32 Contingent liabilities, unrecognized contractual commitments and contingent risks

32.1 Contractual obligations

The table below sets out all of the Group's contractual commitments and obligations, excluding the commitments relating to employee benefits detailed in note 25.

(€ million)	Payments due according to maturity Less than one year	One to five years	More than five years	2020
Irrevocable purchase obligations	20.4	4.6	2.9	27.9
Total commitments given	**20.4**	**4.6**	**2.9**	**27.9**

(€ million)	Payments due according to maturity Less than one year	One to five years	More than five years	2019
Irrevocable purchase obligations	24.6	3.6	0.6	28.8
Total commitments given	**24.6**	**3.6**	**0.6**	**28.8**

32.2 Pledges and guarantees

The maturity of the Senior Credit Facility in the amount of €600 million, initially for five years from the date it was signed, April 20, 2016, was renegotiated in 2018, and it is now due to mature in April 2023. The Senior Credit Facility is broken down into two lines:

- a medium-term loan (Senior Term Loan Facility) in the amount of €200 million, amortizable as of the 54th month; and

- a revolving credit facility in the amount of €400 million, to finance fluctuations in cash flows related to the seasonal nature of its business.

Furthermore, the senior bonds issued on September 22, 2016 for an amount of €650 million, with a maturity of 7 years, were refinanced on May 15, 2019 by the issue of senior bonds with a cumulative principal amount of €650 million, comprising a cumulative principal amount of €300 million of senior bonds maturing in 2024 and a cumulative principal amount of €350 million of senior bonds maturing in 2026. The 2024 bonds will pay an annual coupon of 1.875%. The 2026 bonds will pay an annual coupon of 2.625%. The proceeds from the issue were used to fully repay the €650 million in outstanding senior bonds at 3.25% maturing in 2023.

In addition, on February 18, 2019, Fnac Darty announced the signing of a loan agreement for €100 million with the European Investment Bank (EIB). Issued under the "Juncker Plan," this loan will be used to finance Fnac Darty's digital transformation investments. This financing will allow the Group to take the opportunity to set up long-term debt, with a maximum maturity of nine years, on very attractive terms.

In order to secure these financing lines underwritten by Fnac Darty SA, the following Group companies were guarantors: Fnac Darty Participations et Services SA, Fnac Direct, Établissements Darty et fils, Darty Grand Est, Darty Grand Ouest, Fnac Belgium and Fnac Vanden Borre.

In April 2020 Fnac Darty signed a €500-million loan agreement, guaranteed by the French government, with a consortium of French banks. Obtained under the state-guaranteed loan program related to the COVID-19 crisis, the loan is designed to safeguard the Group's liquidity and ensure business resumption. This state-guaranteed loan, 70% of which is guaranteed by the French government, has a one-year maturity with an option to extend for a further five years (to April 2026). This new financing means that Fnac Darty is supported by leading French banking institutions in a context of unprecedented crisis. The Group therefore has a solid financing structure, balanced between bank borrowings and bonds. The State-guaranteed loan is not covered by the subsidiaries' guarantee.

32.3 Other commitments

Other commitments are as follows:

(€ million)	Payments due according to maturity			2020	2019
	Less than one year	One to five years	More than five years		
Amount of credit facility not used at period-end	0.5	402.0	0.0	402.5	409.6
Amount guaranteed by the state for the state-guaranteed loan	350.0	0.0	0.0	350.0	0.0
Other guarantees received	44.2	26.6	29.8	100.6	92.5
Total commitments received	**394.7**	**428.6**	**29.8**	**853.1**	**502.1**
Rent guarantees and real estate guarantees	9.0	16.4	19.2	44.6	43.5
Other commitments	130.7	29.9	73.0	233.6	222.6
Total commitments given	**139.7**	**46.3**	**92.2**	**278.2**	**266.1**

The revolving credit facility in the amount of €400 million was not drawn as of December 31, 2019 and thus represents an off-balance sheet commitment received. The amount of this facility has decreased slightly, since some of the revolving credit facilities of the company Nature & Découvertes expired in 2020 and were not renewed.

In April 2020 Fnac Darty signed a €500-million loan agreement, guaranteed by the French government, with a consortium of French banks. Obtained under the state-guaranteed loan program related to the COVID-19 crisis, the loan is designed to safeguard the Group's liquidity and ensure business resumption. This state-guaranteed loan, 70% of which is guaranteed by the French government, has a one-year maturity with an option to extend for a further five years (to April 2026).

The increase in other guarantees received for €12.6 million is mainly due to the increase in guarantees for new franchise agreements for €7.7 million.

The €11.0 million increase in other commitments given is mainly due to:

- the agreement by Fnac Darty SA of a guarantee to Apple Distribution International in the context of the supplier relationship for a maximum of €75 million covering the entire supplier relationship,
- the exit from the scope of the commitments given by BCC to Apple, Atradius and the lessors of its stores for a total of around €50 million,
- the positive impact of the EUR/GBP parity, reducing the commitment given to Comet by €4.8 million,
- a reduction in the commitments given to the lessors of stores sold as a result of the decision of the French Competition Authority following the acquisition of Darty for €9.0 million.

The other commitments given include two guarantees for a total amount of £83 million (equivalent to €92.3 million):

- a guarantee of £23 million given by Darty in 2012, during the disposal of Comet, and extended on January 31, 2020 until May 2026, and

- an additional guarantee of £60 million, for a term of 20 years, given on June 23, 2017 by the Group to cover its obligations in respect of Comet's British pension fund.

In order to guarantee this commitment to the Comet pension fund, the companies securing the bond issue were the guarantors (Fnac Darty Participations et Services SA, Fnac Direct, Établissements Darty et fils, Darty Grand Est, Darty Grand Ouest, Fnac Belgium and Fnac Vanden Borre). The obligation of each of the guarantor companies will cease if their guarantee for the bond issue also ceases.

As part of the strategic partnership with the CTS EVENTIM group, the company FDPS contracted a first-demand guarantee in favor of its subsidiary France Billet in return for the continuation of cash pooling with the Group for an amount of €20 million. As of December 31, 2020, this guarantee has not been used, and therefore constitutes an off-balance sheet commitment received by France Billet and a commitment given by the company FDPS.

In addition, as part of the strategic partnership entered into with CTS Eventim on October 31, 2019, CTS Eventim has the option to increase its holding in the capital of France Billet to reach a majority stake via the exercise of a call option in 2023.

32.4 Group dependence on patents, licenses or supply contracts

The Group is not heavily dependent on patents, licenses or supply contracts.

32.5 Proceedings and litigation

The Group reacted swiftly in 2020 by taking special measures to limit the impact of the health crisis on its structure and earnings performance. Business forecasts are hampered by the uncertainties that remain over the evolution of the global health crisis. The lockdown risk associated with a new wave of the pandemic, as well as the risk of a slower-than-expected business recovery, expose the Group to a large number of risks and uncertainties for the next six months of 2021.

In parallel with the risks linked to the health crisis, the Group's companies are involved in various proceedings and litigation cases in the normal course of business, including disputes with tax, employment and customs authorities. Provisions have been recorded for the expenses that the Group's companies and businesses and their experts consider likely to be incurred.

On February 3, 2020, Fnac Darty confirmed that a claim had been brought by the liquidator of Comet Group Limited against Darty Holdings SAS for approximately £83 million. Darty Holdings SAS, a Group subsidiary, in its capacity as successor to Kesa International Limited (KIL), sold the British electrical retail chain Comet Group in 2012. The liquidator alleges that, in February 2012, prior to the acquisition of Darty by Fnac in 2016, Comet repaid an intra-group debt to KIL, at a time when Comet was already insolvent. The Fnac Group was not made aware of this matter at the time of its acquisition of Darty. The Group vigorously challenges the merits of the claim and has taken appropriate measures to protect its interests.

A preliminary question to the continuation of the main proceedings was raised in 2020 concerning the applicability to the case of Section 239 of the Insolvency Act 1986, a prerequisite for the admissibility of the dispute. The procedure relating to this preliminary question is pending, Darty having been granted leave to appeal the lower court's decision of July 10, 2020. On November 30, 2020, the competent court ruled that the appeal arguments were admissible and decided to stay the main proceedings pending the appeal decision due in 2021. The resumption of the legal timetable in the main proceedings is therefore contingent on the appeal decision.

In July 2020, the Fnac Darty Group was served with two summons to appear before the Commercial Court of Paris by some of the franchisees who belong to the Darty Franchisees Group.

The first dispute, for around €2.2 million, mainly concerns the processing of online click & collect sales at franchised stores, an issue that many franchise networks are facing in view of the growth in online sales across all sectors. The main dispute was resolved and the parties agreed to seek conciliation to resolve their remaining differences (for around €0.4 million).

The second dispute, for around €12.8 million, is based on allegations that seek to have Fnac Darty cover the impact of the closure of franchised stores during the lockdown period. Fnac Darty firmly disputes the merits of this claim. The parties have also agreed to seek conciliation to resolve their differences.

The Commercial Court of Paris has granted this application and a mediator will be appointed soon.

According to their experts, none of the disputes in which the Group's companies or businesses are involved threatens the Group's normal and foreseeable course of business or its planned development.

The Group is not aware of any litigation involving material risks likely to affect its net assets, income or financial position for which an estimated provision had to be recorded at period-end. No individual lawsuit is material at the Company or group level.

The Group has no knowledge of any other litigation or arbitration that could have or may recently have had a material impact on the financial position, business or income of the Company or the Group.

Note 33 Exposure to market risk, interest rate risk, currency risk and share price fluctuations

As of December 31, 2020, exposure to various market risks was as follows:

33.1 Exposure to interest rate risks

Exposure to interest rate risk comprises floating-rate financial assets and liabilities exposed to cash flow risk as follows:

		Maturity for 2020		
(€ million)	2020	Less than one year	One to five years	More than five years
Investment securities and cash	1,323.4	1,323.4		
Floating-rate financial assets	**1,323.4**	**1,323.4**	**0.0**	**0.0**
Other financial debt	701.3	551.3	150.0	
Floating-rate financial liabilities	**701.3**	**551.3**	**150.0**	**0.0**

(€ million)	2019	Maturity for 2019 Less than one year	One to five years	More than five years
Investment securities and cash	740.3	740.3		
Floating-rate financial assets	**740.3**	**740.3**	**0.0**	**0.0**
Other financial debt	203.3	22.0	181.3	0.0
Floating-rate financial liabilities	**203.3**	**22.0**	**181.3**	**0.0**

Interest rate risk sensitivity analysis

The Group's debt mostly consists of fixed-rate financing (in particular the €650 million bond issue and the €100 million European Investment Bank loan).

Floating-rate loans, indexed to Euribor, are mainly the €500 million State-guaranteed loan and the €200 million medium-term credit facility. With regard to these floating-rate loans, as of December 31, 2020, a change in interest rates of plus or minus 50 basis points would have an impact of plus or minus €3.5 million on the Group's full-year pre-tax income.

(€ million)	**Impact on Income**
As of December 31, 2020	
Increase of +50 basis points	(3.5)
Decrease of -50 basis points	3.5

All other market variables are deemed to be constant when determining sensitivity.

33.2 Exposure to currency risks

Fnac Darty uses forward exchange instruments to manage currency risk and thus hedge its commercial export and import risks.

In addition, the Group may implement simple optional strategies (purchase of options or collars) to hedge future exposure.

In accordance with IFRS 9, these derivative instruments are analyzed with regard to hedge accounting eligibility criteria. These foreign exchange derivative instruments are recognized on the balance sheet at their market value at period-end.

Fnac Darty's currency derivative instruments managed for hedging purposes are not documented as part of the IFRS 9 hedge accounting and are therefore recognized as derivative instruments for which a change in fair value impacts other comprehensive income items.

As of December 31, 2020 and December 31, 2019, these derivative instruments mainly comprised a currency hedge contract in dollars.

(€ million)	**2020**	**US dollar**
Hedging derivatives at fair value through profit or loss	**98.8**	**98.8**
Forwards & forward swaps	98.8	98.8

(€ million)	**2019**	**US dollar**
Hedging derivatives at fair value through profit or loss	**59.0**	**59.0**
Forwards & forward swaps	59.0	59.0

The Group's balance sheet exposure to non-euro currencies as of December 31, 2020 was as follows:

(€ million)	**2020**	**US dollar**	**Swiss franc**	**Hong Kong dollar**
Exposed trade receivables	**3.3**	2.6	0.7	
Other exposed financial assets	**28.8**	9.7	18.3	0.8
Exposed trade payables	**23.0**		23.0	
Exposed financial debt	**0.0**			
Gross balance sheet exposure	**9.1**	**12.3**	**(4.0)**	**0.8**
Hedging instruments	12.3	12.3		
Gross exposure after management	**(3.2)**	**0.0**	**(4.0)**	**0.8**

(€ million)	**2020**	**US dollar**	**Swiss franc**	**Hong Kong dollar**
Monetary assets	**32.1**	12.3	19.0	0.8
Monetary liabilities	**23.0**	0.0	23.0	0.0
Gross balance sheet exposure	**9.1**	**12.3**	**(4.0)**	**0.8**
Hedging instruments	12.3	12.3		
Gross exposure after management	**(3.2)**	**0.0**	**(4.0)**	**0.8**

Trade receivables and payables in currencies exposed to currency risk concern current operations only.

Other exposed financial assets consist of loans and receivables, as well as bank balances, investments and cash equivalents with maturities of less than three months at the acquisition date.

The Group's currency risk management policy consists of reducing the currency risk inherent in Group entities' activities by establishing price policies and gross margins on the Group's imports and exports before the entity is committed, and prohibiting any speculation. The management of currency risk is governed by an internal procedure aimed at hedging risks as soon as they are identified.

Currency risk sensitivity analysis

Sensitivity analysis excludes the impact related to the translation of the financial statements of each Fnac Darty entity into its reporting currency (the euro) as well as the valuation of the balance sheet foreign exchange position, which is considered non-material as of period-end.

Based on market data at period-end, the impact of currency derivative instruments would be non-material in the event of an immediate 10% change in the exchange rates between the euro and the main currencies to which the Group is most exposed (primarily the US dollar).

33.3 Exposure to risks of share price fluctuations

In the context of its current operations, the Group trades the shares issued by the Group. As of December 31, 2020, no derivative instrument was used to hedge equity risk in the sense of IFRS 9.

33.4 Other market risks – Credit risks

Given the large number of customers, there is no concentrated credit risk on the receivables held by the Group. In general, the Group does not consider itself to be exposed to a particular credit risk on its financial assets.

33.5 Liquidity risk

Management of the liquidity risk of the Group and each of its subsidiaries is closely and periodically assessed by the Group using its financial reporting procedures.

The analysis below sets forth the contractual commitments related to financial debt and trade payables, including interest. Future cash flows shown have not been discounted.

Based on the data at period-end, the cash flows shown are not expected to be generated early or in significantly different amounts than those shown in the maturity schedule.

Cash flow relating to currency derivatives is not material.

			2020		
(€ million)	**Book value**	**Cash flows**	**Less than one year**	**One to five years**	**More than five years**
Other financial debt	2,568.6	(2,568.6)	(782.6)	(1,150.3)	(635.7)
Trade payables	1,784.4	(1,784.4)	(1,784.4)		
Total	**4,353.0**	**(4,353.0)**	**(2,567.0)**	**(1,150.3)**	**(635.7)**

			2019		
(€ million)	**Book value**	**Cash flows**	**Less than one year**	**One to five years**	**More than five years**
Other financial debt	2,029.3	(2,029.3)	(292.1)	(1,061.7)	(675.5)
Trade payables	1,888.7	(1,888.7)	(1,888.7)		
Total	**3,918.0**	**(3,918.0)**	**(2,180.8)**	**(1,061.7)**	**(675.5)**

Note 34 Accounting classification and market value of financial instruments

		2020					2019
		Breakdown by accounting classification					
(€ million)	Market value	Balance sheet value	Fair value through profit or loss	Fair value through equity	Amortized cost	Measurement level	Balance sheet value
Non-current assets:							
Non-current financial assets	32.6	32.6	11.1		21.5		27.9
Debt instruments at fair value	*11.1*	*11.1*	11.1			*Level 2*	7.4
Deposits and guarantees	*21.2*	*21.2*			21.2		20.2
Other non-current financial assets	*0.3*	*0.3*			0.3		0.3
Current assets:							
Trade receivables	285.4	285.4			285.4		274.8
Other current financial assets	6.8	6.8			6.8		11.6
Derivative instrument assets with hedge accounting						*Level 2*	0.9
Other current financial assets	*6.8*	*6.8*	*6.8*		*6.8*		10.7
Cash and cash equivalents	1,568.7	1,568.7	1,568.7			*Level 1*	995.5
Non-current liabilities:							
Long-term borrowings and financial debt	1,792.3	1,786.0			1,786.0		1,903.4
2026 bond	353.4	350.0			350.0	*Level 1*	350.0
2024 bond	302.9	300.0			300.0	*Level 1*	300.0
2023 bond	0.0	0.0			0.0	*Level 1*	0.0
Long-term leasing debt	884.1	884.1			884.1		967.0
European Investment Bank loan	*100.0*	100.0			100.0		100.0
Medium-term credit facility	*150.0*	150.0			150.0		180.0
Other financial debt	*1.9*	1.9			1.9		6.4
Current liabilities:							
Short-term borrowings and financial debt	782.6	782.6			282.6		289.3
State-guaranteed loan	500.0	500.0					
Capitalized interest on bond issues	1.3	1.3			1.3		1.3
Short-term leasing debt	229.7	229.7			229.7		212.3
Medium-term credit facility	50.0	50.0			50.0		20.0
Negotiable debt instruments							50.0
Other financial debt	1.6	1.6			1.6		5.7
Other current financial liabilities	13.0	13.0			13.0		18.2
Derivative instrument liabilities with hedge accounting	*2.4*	*2.4*			*2.4*	*Level 2*	
Other current financial liabilities	*10.6*	*10.6*			*10.6*		18.2
Trade payables	1,784.4	1,784.4			1,784.4		1,888.7

IFRS 13 requires the ranking of different valuation techniques for each of the financial instruments. As a result, the Group distinguishes three categories of financial instruments based on the two valuation methods used (quoted prices and valuation techniques) and uses this classification, in compliance with international accounting standards, to show the features of the financial instruments recognized on the balance sheet at fair value through profit or loss at the closing date:

Level 1 category: financial instruments quoted on an active market;

Level 2 category: financial instruments for which the fair value measurement uses valuation techniques based on observable market parameters; and

Level 3 category: financial instruments for which the fair value measurement uses valuation techniques based on unobservable parameters (parameters whose value is produced by assumptions that are not based on observable transaction prices on the markets on the same instrument, or on observable market data available at period-end) or on parameters that are only partially observable.

Note 35 Related party transactions

Related party having control over Fnac Darty

As of December 31, 2020, the Ceconomy Retail International group held 24.2% of the share capital and 24.2% of the voting rights of Fnac Darty. In 2020, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.
As of December 31, 2020, the SFAM company held 11.4% of the share capital and 11.4% of the voting rights of Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, the SFAM company is not a related party.

As of December 31, 2019, the Ceconomy Retail International group held 24.3% of the share capital and 24.3% of the voting rights of Fnac Darty. In 2019, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of December 31, 2019, the company SFAM held 11.4% of the share capital and 11.4% of the voting rights of Fnac Darty and did not have a representative on the Fnac Darty Board of Directors. Therefore, SFAM is not a related party.

Note 36 Compensation of executive officers

Short-term benefits

The scope for the principal executives corresponds to the Executive Committee of the Group. The compensation recorded as expense was the following:

(€ million)	**2020** [(a)]	**2019** [(a)]
Short-term benefits	7.4	8.5
Severance packages	0.0	0.0

(a) Amounts including employee social security expenses.

Long-term benefits

In 2020, five multi-year variable compensation plans based on performance options and bonus shares expired in whole or in part.

In line with IFRS 2, the number of instruments expiring, canceled and allotted during the year was updated. The volatility rate of the Fnac Darty share price was maintained at 25%. The expense measured in accordance with IFRS 2 of these multi-year compensation plans amounted to €3.5 million expensed in 2020 and €3.5 million in 2019. Final vesting of these multi-year plans is subject to performance and continued employment conditions. All these plans are listed in note 7.

The December 2017 bonus share plan expired on March 2, 2020 for non-French residents. In light of the Fnac Darty share performance conditions based on Total Shareholder Return (TSR) and the achievement of a target level of synergies and a target level of current operating income, 62.20% of the shares were vested for the beneficiaries in service on December 14, 2019.

The second tranche of the 2017 performance share plan was vested on May 1, 2020. Given the performance of the Fnac Darty share price and the achievement of the synergy goals, 50% of the options in the second tranche were vested for the beneficiaries in service on May 1, 2020. These options may be exercised between May 2, 2020 and May 1, 2021 at an exercise price of €66.23.

As of the online release date of this Document, none of these options had been exercised.

The first tranche of the 2018 performance share plan was vested on May 17, 2020. In light of the Fnac Darty share performance conditions based on the Company's Total Shareholder Return (TSR) compared to that of companies in the SBF120 and the achievement of a target level of current operating income, 47.10% of the options in the first tranche were vested for the beneficiaries in service on May 17, 2020. These options may be exercised between May 18, 2020 and May 17, 2021 at an exercise price of €89.43.

As of the online release date of this Document, none of these options had been exercised.

The first tranche of the 2018 bonus share plan expired on May 17, 2020. In light of the Fnac Darty share performance conditions based on the Company's Total Shareholder Return (TSR) compared to that of companies in the SBF120 and the achievement of a target level of current operating income, 47.10% of the shares were vested for the beneficiaries in service on May 17, 2020.

The 2016 bonus share plan expired on June 16, 2020 for non-French residents. Based on the average closing price of the Fnac Darty share over the 20 trading days preceding June 17, 2018 (average at €89.80) and the performance conditions, 100% of the shares were vested for the beneficiaries in service on June 16, 2020.

Note 37 Statutory Auditors’ fees

The fees (excluding taxes) paid to the Statutory Auditors of Fnac Darty, the parent company of the Group and associated network, can be analyzed as follows:

	2020							
	Deloitte & Associés				KPMG			
	Statutory Auditors		**Network**		**Statutory Auditors**		**Network**	
(€ million)	Amount	%	Amount	%	Amount	%	Amount	%
Certification and limited half-year review of parent company and consolidated financial statements								
• Issuer	0.2	33%		0%	0.2	29%		0%
• Fully consolidated subsidiaries	0.4	67%	0.2	100%	0.4	57%	0.1	100%
Subtotal	**0.6**	**100%**	**0.2**	**100%**	**0.6**	**86%**	**0.1**	**100%**
Services other than certification of financial statements								
• Issuer	0.0	0%		0%	0.1	14%		0%
• Fully consolidated subsidiaries	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Subtotal	**0.0**	**0%**	**0.0**	**0%**	**0.1**	**14%**	**0.0**	**0%**
TOTAL	**0.6**	**100%**	**0.2**	**100%**	**0.7**	**100%**	**0.1**	**100%**

Services other than certification of the financial statements consist primarily of the provision of consulting services with regard to internal control, technical matters and various certifications.

	2019							
	Deloitte & Associés				KPMG			
	Statutory Auditors		**Network**		**Statutory Auditors**		**Network**	
(€ million)	Amount	%	Amount	%	Amount	%	Amount	%
Certification and limited half-year review of parent company and consolidated financial statements								
• Issuer	0.2	33%		0%	0.2	25%		0%
• Fully consolidated subsidiaries	0.4	67%	0.3	100%	0.5	63%	0.1	100%
Subtotal	**0.6**	**100%**	**0.3**	**100%**	**0.7**	**88%**	**0.1**	**100%**
Services other than certification of financial statements								
• Issuer	0.0	0%		0%	0.1	13%		0%
• Fully consolidated subsidiaries	0.0	0%	0.0	0%	0.0	0%	0.0	0%
Subtotal	**0.0**	**0%**	**0.0**	**0%**	**0.1**	**13%**	**0.0**	**0%**
TOTAL	**0.6**	**100%**	**0.3**	**100%**	**0.8**	**100%**	**0.1**	**100%**

Note 38 Post-balance sheet events

The Group confirms the outlook given in the press release on its 2020 performance estimates published on January 19.

In a still uncertain environment where the Group expects the first half of the year to continue to be disrupted by the health crisis and the second half to see a return to more normal operating conditions, the Group remains confident yet cautious about the performance of its markets in 2021.

As of the date of this press release, the health crisis is still affecting all countries in which the Group operates. For example, restrictions are still in place in France, with the closure of shopping centers of more than 20,000 m². In Switzerland, where the restrictions are tighter, all stores have been closed since mid-January. However, the Group is seeing an overall revenue trend at mid-February 2021 equivalent to that of the fourth quarter of 2020, driven by sales in the stores that are open and on the Group's e-commerce sites.

The Group also notes that it does not expect ticketing activities to return to normal before second-half 2021 at best. Lastly, the economic recovery in the Iberian Peninsula is expected to be slower than in other countries where the Group is present.

Therefore, despite an encouraging start to the year in a still uncertain health climate, the Group remains cautious, while confirming the slight growth in revenue and current operating income for 2021 relative to 2020.

On February 23, 2021, Fnac Darty launched its new strategic plan, Everyday. The plan's challenges and opportunities are detailed in a special press release published today and available on the website www.fnacdarty.com.

Given the strength of its business model, Fnac Darty will propose to the General Meeting on May 27, 2021 to reinstate its shareholder return policy and pay an ordinary dividend of €1.00 per share, representing a payout rate of around 30%. The entire dividend will be payable in cash. The ex-dividend date will be July 5, 2021 and the dividend payment date July 7, 2021.

Note 39 List of subsidiaries consolidated as of December 31, 2020

The Group's subsidiaries are as follows:

Fully consolidated: F

Consolidated under the equity method: E

Company	% interest			
		12/31/2020		12/31/2019
FNAC DARTY (parent company)				
FNAC brand				
France				
Alize – SFL	F	100.00	F	100.00
Codirep	F	100.00	F	100.00
FNAC DARTY Participations et Services	F	100.00	F	100.00
FNAC ACCES	F	100.00	F	100.00
FNAC APPRO GROUPE	F	100.00	F	100.00
FNAC DIRECT	F	100.00	F	100.00
FNAC LOGISTIQUE	F	100.00	F	100.00
FNAC PARIS	F	100.00	F	100.00
FNAC PERIPHERIE	F	100.00	F	100.00
FNAC TOURISME	F	100.00	F	100.00
FOURTY	Dissolved on 12/31/2020		E	50.00
FRANCE BILLET	F	52.00	F	52.00
IZNEO	E	50.00	E	50.00
MSS	F	100.00	F	100.00
RELAIS FNAC	F	100.00	F	100.00
TICK & LIVE	F	26.00	F	26.00
WEFIX	F	69.00	F	51.00
WEFIX IMMO	F	69.00	F	51.00
123BILLETS (BilletReduc.com)	F	52.00	F	52.00
CTS Eventim France	F	52.00	F	52.00
Belgium				
BELGIUM TICKET	F	39.00	F	39.00
FNAC BELGIUM	F	100.00	F	100.00
WEFIX Belgique	F	69.00	F	51.00
Luxembourg				
FNAC Luxembourg	F	100.00	F	100.00
Spain				
FNAC ESPANA	F	100.00	F	100.00
Monaco				
FNAC MONACO	F	100.00	F	100.00
Portugal				
FNAC PORTUGAL	F	100.00	F	100.00
Switzerland				
FNAC SUISSE	F	100.00	F	100.00
SWISSBILLET	F	100.00	F	100.00
Germany				
WEFIX (Germany)	F	69.00	F	51.00

Company		% interest		
		12/31/2020		12/31/2019
Darty brand				
United Kingdom				
Darty Limited	F	100.00	F	100.00
Kesa Holdings Limited	F	100.00	F	100.00
Kesa Sourcing Limited	Dissolved on 01/31/2020		F	100.00
France				
Darty Holdings SAS	F	100.00	F	100.00
Kesa France SA	F	99.70	F	99.70
Participations Distribution Services SNC	F	100.00	F	100.00
Ménafinance SA	Sold on 06/18/2020		E	50.00
Darty Développement SAS	F	100.00	F	100.00
A2I Darty Ouest SNC	F	100.00	F	100.00
A2I Darty Rhône Alpes SNC	F	100.00	F	100.00
A2I Île-de-France SNC	F	100.00	F	100.00
Compagnie Européenne de Commerce et de Dis	F	100.00	F	100.00
Établissements Darty & Fils SAS	F	100.00	F	100.00
Darty Grand Ouest SNC	F	100.00	F	100.00
Darty Grand Est SNC	F	100.00	F	100.00
Netherlands				
BCC Holding BV	Sold on 11/25/2020		F	100.00
BCC Elektro-Speciaalzaken BV	Sold on 11/25/2020		F	100.00
BCC Holding Amstelveen BV	Sold on 11/25/2020		F	100.00
BCC Vastgoed Holding BV	Sold on 11/25/2020		F	100.00
Bouwerij Amstelveen BV	Sold on 11/25/2020		F	100.00
Bouwerij Amstelveen OG BV	Sold on 11/25/2020		F	100.00
Oude Haagweg Holding BV	Sold on 11/25/2020		F	100.00
Oude Haagweg OG BV	Sold on 11/25/2020		F	100.00
Polectro BV	Sold on 11/25/2020		F	100.00
Polectro Plaza BV	Sold on 11/25/2020		F	100.00
Rivieradreef Holding BV	Sold on 11/25/2020		F	100.00
Rivieradreef OG BV	Sold on 11/25/2020		F	100.00
Belgium				
New Vanden Borre	F	100.00	F	100.00
New Vanden Borre Transport	F	100.00	F	100.00
Vanden Borre Kitchen	E	50.00	E	50.00
Other countries				
Darty Asia Consulting Limited (CH)	F	100.00	F	100.00
Fnac Darty Asia Limited (HK)	F	100.00	F	100.00
Nature & Découvertes brand				
France				
Nature & Découvertes	F	100.00	F	100.00
Terre d'Oc évolution	F	100.00	F	100.00
Belgium				
Nimmer Dor Belgie	F	100.00	F	100.00
Luxembourg				
Nimmer Dor Luxembourg	F	100.00	F	100.00
Germany				
Nature & Découvertes Deutschland	F	100.00	F	100.00

Note 40 Exchange rates used for the translation of companies working with foreign currency

The following exchange rates were used for the translation of Group companies earning in a foreign currency:

for €1	**2020** closing rate	**2020** average rate	**2019** closing rate	**2019** average rate
Pound sterling	0.90	0.89	0.85	0.88
Swiss franc	1.08	1.07	1.09	1.11