FNAC DARTY

2020 UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

CONTENTS

The items of the Annual Financial Report are identified in the section headings using the pictogram AFR

The items related to the Non-financial Performance Declaration (DPEF) are identified in the section headings using the pictogram NFPD

FNAC DARTY

2020 UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

All our publications can be found on the website www.fnacdarty.com

The Universal Registration Document was filed with the French Markets Authority (Autorité des marchés financiers – AMF) in its capacity as the competent authority under Regulation (EU) 2017/1129 on March 19, 2021, without prior approval in accordance with Article 9 of that Regulation. The Universal Registration Document may be used for the purposes of a public offer of financial securities or for admitting financial securities for trading on a regulated market if it is supplemented by a Securities Note and, if applicable, a summary and all amendments made to the Universal Registration Document. The resulting documents are then approved by the AMF in accordance with Regulation (EU) 2017/1129.

This Universal Registration Document is a translation into English of the official version in French of the Universal Registration Document, which was prepared in XHTML format and is available on the AMF (www.amf-france.org) and Fnac Darty (www.fnacdarty.com) websites.

This version, published on April 14, 2021, includes minor corrections on pages 14, 26, 51, 90, 92, 117, 129, 229, 384, 387, 415, 418 and 425.

Quote
from the Chief Executive Officer

Enrique MARTINEZ,
Chief Executive Officer of Fnac Darty

"

2020 was an unprecedented test for our societies, citizens and of course for companies. Fnac Darty showed itself to be extremely proactive, and was able to make revenues of nearly **€7.5 billion,** up on the previous year. The qualities and strengths of our Group are the ones highlighted and rolled out since December 2017 via our Confiance+ strategic plan: **mutual reinforcement between stores and digital outlets, quality of business execution and the complementary nature of our brands.** In these exceptional circumstances, Fnac Darty's teams also demonstrated qualities that made a real difference, particularly in terms of **commitment** to ensure a fully-fledged "public service" mission, serving the interest and urgent requirements of the French people when they needed to equip so as to adapt to changes in their lifestyle and work in a unique context, and in terms of **agility** so as to maintain a service that serves current needs to the fullest possible extent.

The very strong growth in online sales during the year and the gain of more than **5 million new active online customers** confirmed our status as a **major digital player.** Our brands were quoted several times as those most missed by French people and by customers in the countries where we operate during periods of lockdown; the loyalty of our **30 million customers,** including some **10 million Fnac Darty members,** is our most precious asset.

To build on this loyalty and open up new horizons for their customers, Fnac and Darty place **innovation** at the heart of their actions. Our Group has thus pursued its **diversification** strategy by massively investing in promising markets such as kitchen and urban mobility. We also continued to innovate with new customer interactions through livestreaming and live shopping.

This year we were finally able to roll out a number of emblematic actions to **extend product life spans** and provide our customers with **information** about the products we market. This resulted in the extension of the **Darty Occasion** offer to household appliances in the "cold" category, and the publication of the third edition of the **"After-Sales Service Barometer",** which provides consumers with free data on 63 product families from the household appliance and multimedia equipment universe based on a **sustainability score.** This **proprietary Fnac Darty tool,** created from our long-term experience in **repair,** is a genuine innovation allowing all product categories to be compared among themselves, and among brands. Based on this sustainability score, the selection of products referenced by the **"Sustainable Choice by Darty"** label has been expanded, and now covers 152 products. These flagship initiatives put real weight behind our mission to **support our customers** toward **"an educated choice and sustainable consumption",** and they legitimize our role as a **benchmark retailer committed to the circular economy and more responsible consumption.**

Our new **Everyday** strategic plan, launched at the very beginning of the year, aims to make Fnac Darty an **ally in the everyday lives of consumers by focusing on service, advice and sustainability.** An **omnichannel** strategy remains at the heart of this new plan, combining the strength of our network of 908 stores with that of our digital system.

The **development of services** via a long-term relationship model, based on the benefits of subscription, with **Darty Max** which already has over 200,000 subscribers, as its figurehead, is a priority. Our commitment to **sustainability** will go even further in empowering customers to adopt virtuous behaviors that promote more responsible consumption and the conservation of natural resources.

The pandemic has disrupted our lifestyles and redefined our collective priorities in a lasting way, with an overriding need for health, social and economic protection. The Fnac Darty Group has thus played a major role as a **committed and supportive company in the service of its customers,** and will resolutely continue to do so.

"

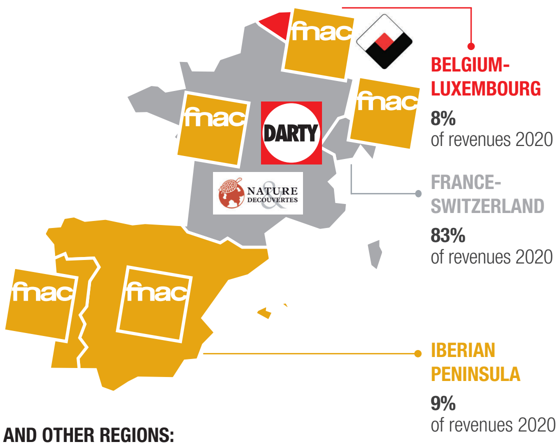
Fnac Darty at a glance in figures

2020 consolidated revenue: **€7,491 million**

Presence in **12 countries**

Breakdown of consolidated revenue by:

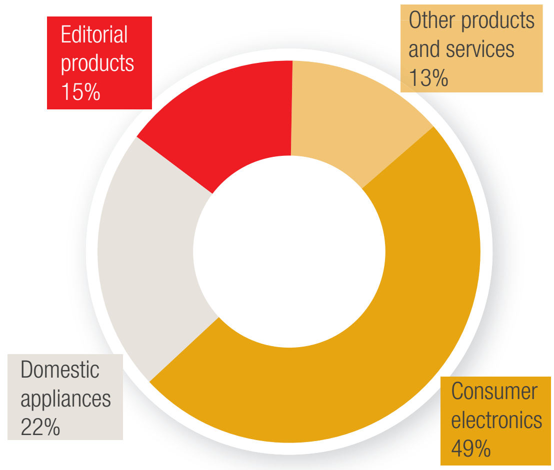
GEOGRAPHICAL REGION



AND OTHER REGIONS:

Ivory Coast, Morocco, Tunisia, Congo, Cameroon, Qatar, French overseas departments and territories

PRODUCT AND SERVICES OFFERING



NEW EVERYDAY STRATEGIC PLAN

In its day-to-day work and for the long haul, to be the key ally for consumers, helping them to be sustainable in their consumption habits and daily household tasks.

3 clear ambitions by 2025:

- embodying the new standards of **highly digitalized omnichannel retail;**
- helping consumers adopt **sustainable practices**;
- becoming the **leader in home assistance services,** based on a subscription model.

→ The generation of cumulative recurring free cash-flow from operations of €500 million between 2021 and 2023 and > €240 million from 2025.

→ A medium-term return to shareholders with a payout ratio > 30% in the medium term.

CSR COMMITMENTS

Raison d'être: **commit to an educated choice and a sustainable consumption.**

- **Environment:**
  - 1.7 million products repaired in 2020;
  - nearly 50,000 metric tons of WEEE collected in 2020;
  - -12% of CO_2 emissions related to transportation and energy consumption of the sites in 2020 vs. 2019.
- **Social:**
  - 76% of employees received training in 2020;
  - 24% of women in leadership positions in 2020;
  - gender equality index of 90/100 at Group level in 2020.
- **Governance:**
  - 43% of women on the Board and an independence rate of 79%;
  - 98% participation rate of Board members;
  - a compensation system that incorporates CSR and long-term criteria.

1

Presentation of the Group

1.1 / Business Model

1.1.1 / COMPANY PROFILE

1.1.1.1 / A European leader in omnichannel retail

Operating in 12 countries, including France, Belgium, Spain, Portugal and Luxembourg, Fnac Darty is a European leader in the retail of entertainment and leisure products, consumer electronics and domestic appliances. More recently, the acquisition in August 2019 of Nature & Découvertes, a leading omnichannel retailer of natural and wellbeing products, enabled the Group to penetrate the Wellbeing and Outdoor Activities sectors and, in doing so, accelerate its diversification.

With some 25,000 employees, Fnac Darty generated revenue of nearly €7.5 billion in 2020, 29% of which was online, up 10 points on 2019. By combining the strengths of Fnac, Darty and Nature & Découvertes, the Group's omnichannel sales accounted for 42% of online orders in 2020, against a backdrop of very strong growth in e-commerce volumes. As a result, momentum remained very strong, with click&collect order processing up 30% on the previous year.

The relevance of the omnichannel model is based on a dense territorial network combined with sustained momentum on digital platforms. As of the end of 2020, the Group has a multi-format network of 908 stores, including 751 in France [(1)]. It is France's second largest e-commerce retailer in terms of audience in France with its three commercial websites: fnac.com, darty.com, and natureetdecouvertes.com. Its position as leader is based, in particular, on its high volume of traffic: 175 million visits to stores across the Group and a cumulative average of over 29 million unique online visitors per month in France [(2)]. It should be noted that in-store traffic in 2020 was strongly impacted by the lockdown measures and limits on in-store traffic adopted in response to the Covid crisis. In contrast, the attraction of digital platforms skyrocketed, experiencing a very sharp rise in traffic thanks to the uptick in digitalization of consumption which the health crisis entailed.

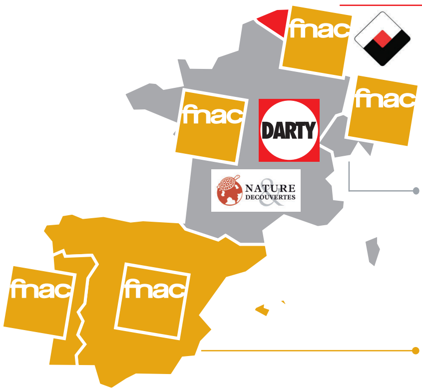
The Group thus operates primarily in Europe via three regions: France and Switzerland, Belgium and Luxembourg, and the Iberian Peninsula. The France and Switzerland region covers the Group's French and Swiss activities and represented close to 83% of sales in 2020. The Belgium-Luxembourg region covers the activities of Fnac and Vanden Borre in Belgium and Luxembourg and represented nearly 9% of sales in 2020. Lastly, the Iberian Peninsula region covers Fnac activities in Spain and Portugal, and represented almost 8% of revenue in 2020. The Group is also developing its franchise business internationally and now has 13 stores in Africa and the Middle East, and 17 stores in French overseas departments and territories.

In its geographic regions, the Group reproduces the strategy implemented in France, adjusted to the local context. This is mainly through a strong network of directly owned stores, as well as franchise development. Fnac Darty has solid e-commerce platforms in all its countries, with five main international websites and partnerships with specialist sites. Along with these country-specific initiatives, the Group is rolling out a single platform for all sellers, so they can connect to the countries that are most relevant to them within the Marketplaces ecosystem.

By bringing together its in-store and digital offerings, the Group can provide innovative services, such as "click&mag", "click&collect" and the express or by-appointment delivery offering. These services guarantee seamless integration of the in-store and online purchasing experience.

(1) Including 16 Fnac Darty/N&D stores in Switzerland and 30 stores abroad.
(2) Fevad, average for 2020.

The Group's omnichannel experience is outlined below.



	A DENSE NETWORK OF DIRECTLY OWNED STORES	A GROWING FRANCHISE NETWORK	STRONG DIGITAL PLATFORMS	OMNICHANNEL & SERVICES
BELGIUM-LUXEMBOURG **8%** of revenues 2020	**85 stores:** • 13 Fnac • 72 Vanden Borre	Kitchen stores, as franchises	Fnac.be and Marketplace Vandenborre.be	Logistics platforms Click&collect After-sales service
FRANCE-SWITZERLAND **83%** of revenues 2020	**412 stores:** • 100 Fnac • 223 Darty • 89 Nature & Découvertes	**339 stores:** • 122 Fnac • 209 Darty • 1 Fnac Darty • 7 Nature & Découvertes	Fnac.com and Marketplace Darty.com and Marketplace Fnac.ch Natureetdecouvertes.com and Marketplace	Logistics platforms After-sales service Click&collect Click&mag
IBERIAN PENINSULA **9%** of revenues 2020	**67 Fnac stores**	**5 Fnac stores**	Fnac.es and Marketplace Fnac.pt and Marketplace	Logistics platforms After-sales service Click&mag

AND OTHER REGIONS:

Ivory Coast, Morocco, Tunisia, Congo, Cameroon, Qatar, French overseas departments and territories

Store network as of December 31, 2020.

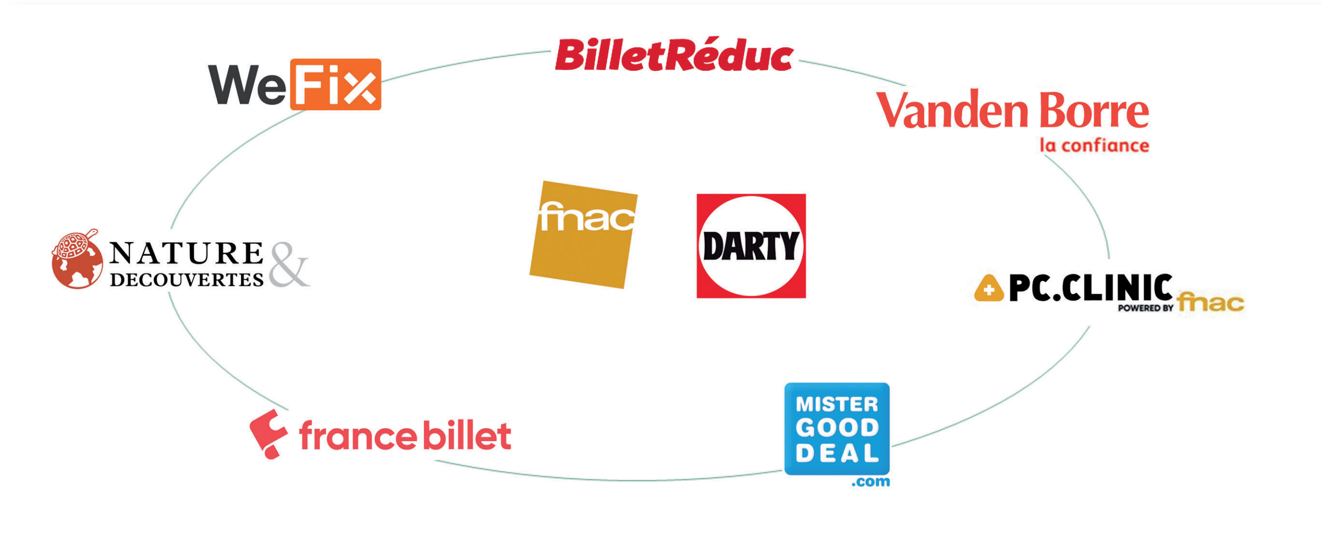
1.1.1.2 / A galaxy of brands orbiting Fnac and Darty

Since their creation more than 60 years ago, both Fnac and Darty have strived to embed their values and promote their deeply held convictions. In 2016, Fnac Darty was created from the merger of these well-known brands, both of which boast strong reputations and excellent consumer loyalty. These two brands have complementary positions and missions.

Three strong values make up the essence of the Fnac brand: independence, passion and the spirit of discovery. These values are reflected in its salespeople, in its recognized expertise and in its product selections, as well as in the unique place that Fnac occupies in French culture (Fnac Live Paris, the Fnac Livres book fair, the Prix BD Fnac France Inter comic prize in association with French national radio, the Prix Goncourt des lycéens literary prize for senior high school students, and more recently La Claque by Fnac, a digital culture initiative). Fnac is the brand of discovery, of diversity, of open-mindedness: it aims to spark people's curiosity. With a special place in the French retail landscape, this strong brand has made curiosity its mission.

As for Darty, its identity is anchored in three key values: confidence, service and accessibility. Darty, a heritage brand, is the brand for everyone. It is there for its customers at every stage of their lives, from the big moments to the smallest ones. Part of French homes for 60 years, it is a pioneer in terms of service, especially after-sales services.

Since the merger between Fnac and Darty, the Group has expanded to include new brands to form a major specialized retail group. The Group has recently strengthened its presence in the ticketing sector with the consolidation of Billetreduc.com and increased its offering in the express repair of electronic devices, first in France in 2018 with the acquisition of WeFix and then in Portugal in 2019 with the consolidation of PC Clinic. The acquisition of Nature & Découvertes in 2019 represents the most significant external growth transaction since the merger of Fnac and Darty. A strong label whose core values complement the Group's brands, Nature & Découvertes advocates for ethical and more environmentally friendly consumption. This aligns with Fnac Darty's commitment to educated customer choice and a more circular and responsible economy.



A shared ambition unites all these brands: to guide customers and help them make the best choice. This commitment is also shared by all the Group's employees, a commitment to creating an honest business where the customer is able to make an educated choice.

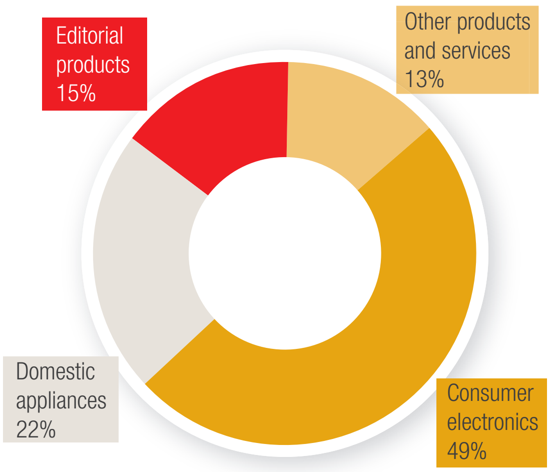
1.1.1.3 / A diverse, balanced range of products and services

The Group proposes a balanced offering, built around product and service categories with complementary growth and margin profiles.

The Fnac and Darty brands each market consumer electronics (49% of the Group's revenue in 2020), a sector in which growth experiences short innovation cycles. This shared offering is enhanced, on the one hand, by Fnac and Nature & Découvertes' strength in editorial products (15% of the Group's revenue) and, on the other, by Darty's leadership position in the domestic appliances market (around 22% of Group revenue). Moreover, the Group continued to diversify its product and services offering in 2020. The sale of other products and services (some 13% of the Group's revenue) such as Games & Toys, Stationery, Natural and Wellbeing Products, Kitchen, Urban Mobility, After-sales Service, and Warranties are solid levers for growth. The product and services offering is described in section 1.4.3 "A diversified product and services offering" of this Universal Registration Document.

A diverse range of products and services

(as a % of revenue 2020)



1.1.1.4 / A committed group recognized as a responsible player

1.1.1.4.1 / Context

In these times of hyperchoice, consumers are looking for trust and guidance in their everyday lives. The annual study conducted by the Group on consumption in France shows that its inhabitants are increasingly seeking transparency and meaning in the way they consume. They are increasingly seeking to consume "better". 49% indicated that they were paying more heed to the social and/or environmental impact of their purchases than the previous year and 40% even indicated that they were consuming less than the previous year, 73% of whom cited environmental reasons.

The context of an unprecedented health crisis in the shape of Covid-19 is acting as a trend accelerator: accelerated environmental awareness among consumers, accelerated digitalization of physical stores, and acceleration of online ordering and home delivery.

1.1.1.4.2 / Sustainability at the heart of the Group's *raison d'être* and new strategic plan

Since 2018, the Group has pursued a proactive sustainability policy with the launch of numerous initiatives and innovative services to promote the circular economy and the extension of product life spans. Fnac Darty has been the leading repairer in France for the past 50 years, with over 2 million repairs conducted (at customers' homes, in after-sales service workshops or in stores), 2 million telephone enquiries and 1.7 million products repaired in 2020. The Group is also the biggest collector of WEEE (waste electrical and electronic equipment) with over 49,000 metric tons of products collected every year for recycling and re-use at Group level, including 45,000 metric tons in France alone.

The Group also affirmed its environmental strategy, by setting a quantified objective of reducing its CO_2 emissions in France by 50% by 2030, compared to the 2019 level. In order to integrate this environmental challenge into the Company's strategy, a Climate Committee was set up in 2019 to discuss and validate the roadmaps and action plans undertaken to achieve the stated reduction target.

The Group is the driving force behind several projects, including the creation of a repairability index long before this became mandatory, the implementation of "sustainable choice" signage for products with the highest sustainability score, and the launch of the Darty Max subscription repair service. All these projects are described in Chapter 2.

In 2021, Fnac Darty revised its *raison d'être,* which became "Commit to an educated choice and a sustainable consumption". This is supported by a mission committee to manage the associated indicators. This *raison d'être* is grounded in a strengthened social and environmental responsibility policy, which is supported by all Group business lines and based on the work of some 25,000 skilled employees, and an HR policy focused on talent management. This *raison d'être* and the implementation of the "Everyday" strategic plan, which places a major focus on sustainability, demonstrate the Group's to position itself as the leader in sustainable consumption in its sector. As a consequence, the Group has set sustainability objectives, set out in paragraph 1.5 "Group strategy and objectives".

In parallel, Fnac Darty relies on a broad territorial network of 908 stores in 12 countries, whose ambition is to share cultural creation, new technology and innovative services with as many people as possible.

Finally, the acquisition of Nature & Découvertes in 2019 enhances the Group's positioning in terms of responsible business practices and sustainable consumption. For example, Nature & Découvertes puts 10% of its net profits back into the Fondation Nature & Découvertes, which has raised more than €13.5 million for the protection of biodiversity and nature-based education through nearly 2,800 projects.

Nature & Découvertes' commitment to responsibility is set out in greater detail in Chapter 2.

1.1.1.4.3 / Corporate social responsibility policy

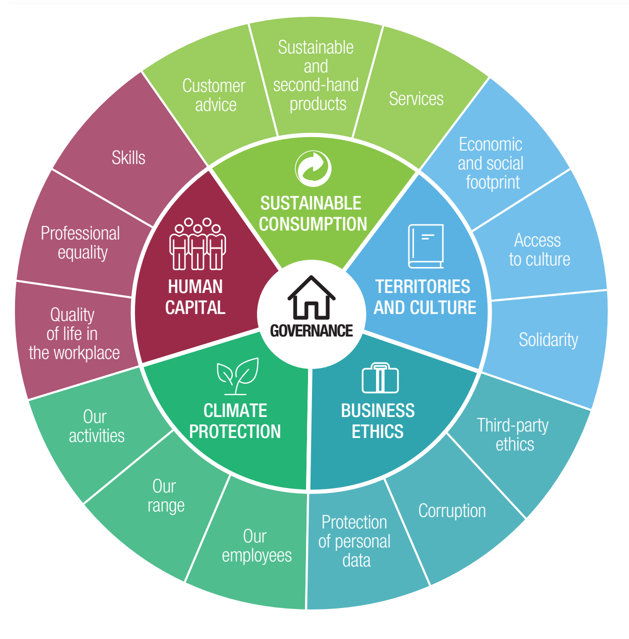
With more than 25,000 employees worldwide, 908 stores and millions of loyal customers, Fnac Darty is keenly aware of its responsibilities. The Group is committed to transforming itself to meet the challenges of a changing market, while at the same time developing its people and making a positive impact on society.

The corporate social responsibility policy aims to address the four major CSR risks that were identified as the result of a risk analysis conducted in 2018:

- the development of business lines in a context of digital acceleration;
- the sustainability of our model and new modes of consumption;
- the climate emergency and its consequences for companies;
- ethics for all based on a model of development through partnership.

The challenges associated with these risks have been placed on a materiality matrix, given in Chapter 2.

These four main risks and challenges resulted in the following five pillars of the Group's CSR policy:



All five of these pillars are described in Chapter 2 of this document.

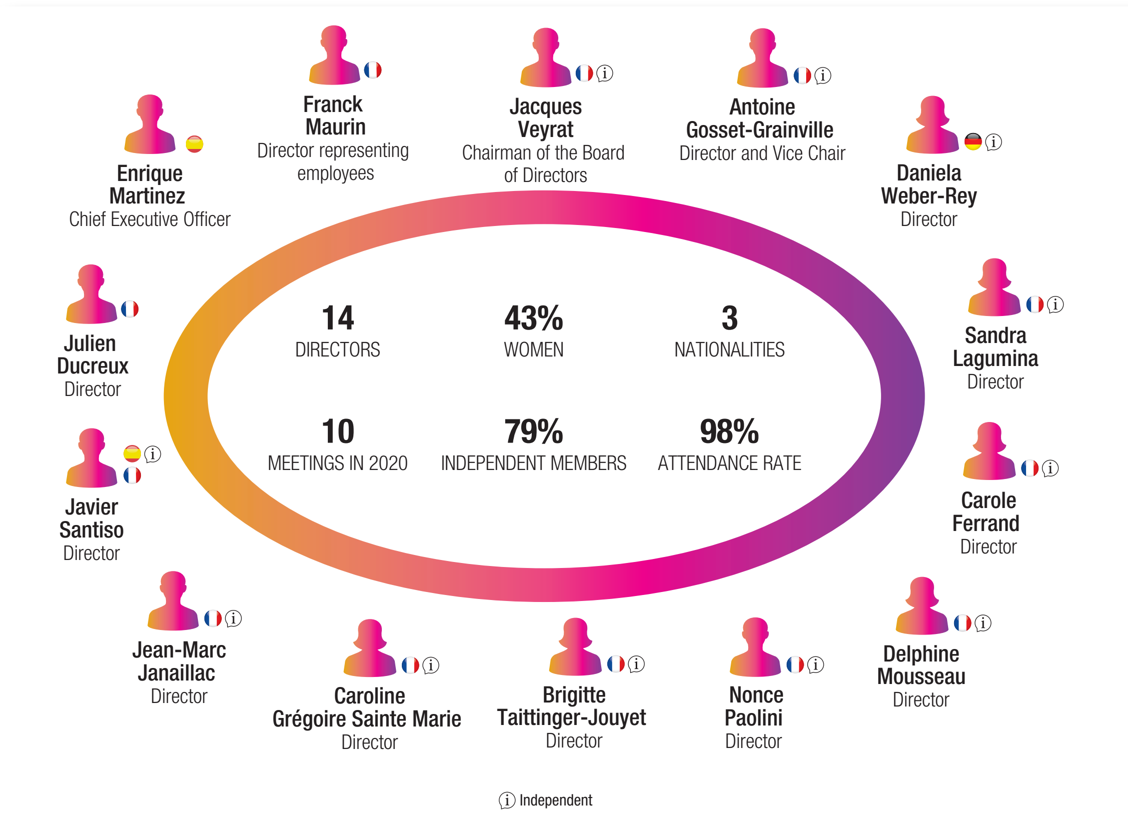
Mindful of the increasing importance of the issues associated with its corporate social responsibility, the Company is adapting its business model, like many new services launched since 2018, in favor of a more circular economy.

The incorporation of CSR issues into the Fnac Darty business model is set out in section 1.1.2.

The strengthening of Fnac Darty's governance and CSR policy was welcomed by the ESG ratings agencies, as detailed in section 1.1.1.4.5.

1.1.1.4.4 / Solid and stable governance

Key figures and composition of the Board of Directors at December 31, 2020



Operation of the Board of Directors

The Fnac Darty Board of Directors is composed of Directors with broad and diversified experience, especially in corporate strategy, finance, economics, industry, accounting, corporate social responsibility, management and the control of commercial and financial companies.

In 2019, Fnac Darty appointed Franck Maurin as an employee Director, representing the interests of the Group's employees, and Enrique Martinez, Chief Executive Officer, as a Director for a term of four years, reflecting the Board of Directors' confidence in Enrique Martinez's ability to ensure that the Group's day-to-day management is conducted in a sustainable way.

In 2020, the Group appointed a second Director representing employees, Julien Ducreux.

At the end of December 2020, the Board was composed of 14 Directors, 11 of whom were independent.

Four committees were chaired by Independent Directors

Each committee is composed of Directors who have been identified as having the specific skills required to carry out its duties. A comprehensive description of each committee can be found in the corresponding section of the Universal Registration Document.

- Audit Committee:
  - monitors the process of preparing financial information;
  - is chaired by Carole Ferrand (Independent Director);
  - has 3 members;
  - meets at least four times a year.
- Appointments and Compensation Committee:
  - assists the Board in determining the composition of the Company and Group executive management bodies and in the regular assessment of all compensation and benefits paid to the Group's corporate officers and executive Directors;
  - is chaired by Antoine Gousset-Grainville (Independent Director);
  - has 3 members;
  - meets at least once a year and as many times as it deems necessary.
- Corporate, Environmental and Social Responsibility Committee:
  - reviews the Company's corporate, social and environmental policies;
  - is chaired by Brigitte Taittinger-Jouyet (Independent Director);
  - has 3 members;
  - meets twice a year.
- Strategy Committee:
  - considers the broad strategic priorities of the Group that may be implemented by the executives, specifically in the fields of business, investments, partnerships or any other matter that may be considered to be relevant;
  - is chaired by Jacques Veyrat (Chairman of the Board, Independent Director);
  - has 5 members;
  - meets at least once a year and as many times as it deems necessary.

Governance dedicated to best practices in Corporate Social Responsibility (CSR)

In order to incorporate these challenges into its strategy and the day-to-day operations of its business lines, the Group has adopted a decentralized approach to CSR.

These concerns are driven right from the top of the Company, with focal point representatives in the Group's subsidiaries and various departments.

The CSR Department reports to the General Secretary, and relies on various bodies and business line representatives to manage and assess the Group's CSR strategy.

Governing bodies	Executive Committee	• Defines the corporate mission • Defines a strategy related to the mission
Governing bodies	Board of Directors and CSR Committee	• Approves the mission and strategy • The CSR Committee meets twice a year and reports to the Board
Governing bodies	Thematic committees	• The Climate Committee meets four times per year • The Ethics Committee meets three times per year • 2021: establishment of a "Circular Economy" Committee
Management	General Secretary: *CSR, Legal, Internal Audit, DPO*	• The CSR Department reports to the General Secretary, which deals with governance, ethics and compliance issues. • Leads the Company's mission and CSR strategy
Network	Since 2020: CSR network defined by the Executive Committee	• 14 CSR champions define and guide the CSR department and country roadmaps • Four "Duty of Care" champions have been appointed for the countries • The network is coordinated by the CSR Department
Subsidiaries	Nature & Découvertes	• The Commitment Department is in charge of the Fondation N&D and the N&D environmental policy • The Group CSR Department coordinates CSR reporting and the N&D Vigilance Plan

The duties of the various committees are set out in Chapter 2.

Furthermore, Fnac Darty has continued to strengthen the integration of CSR criteria with the inclusion of a CSR criterion in the variable compensation of all Group managers in addition to an increase in the weight of these criteria for all members of the Executive Committee.

Finally, the Group has set an objective to increase the number of women in the Group's top 200 managers by 11 points to achieve a level of 35% by 2025.

1.1.1.4.5 / Fnac Darty recognized as a responsible retailer by ESG rating agencies

Fnac Darty's approach to corporate social responsibility is regularly assessed by ESG rating agencies and awarded a rating. In 2020, Fnac Darty requested a solicited sustainability rating from Vigeo Eiris (www.vigeo-eiris.com). Based on its analysis of three main criteria – environment (business ethics, environmental policy), social aspects (community engagement, respect for human rights and human resources) and governance (corporate governance) – for the second year running, Vigeo Eiris awarded Fnac Darty a rating of A2, with a score of 48/100, up four points compared to 2019 and well above the average rating of 32/100 for the sector. This performance reflects Fnac Darty's environmental, ethical, social and governance commitments. The Group confirmed its position in the Top 20 companies rated by Vigeo Eiris worldwide, and ranks ninth among the 73 European companies in its sector [(1)], a climb of two places in one year.

The Group also achieved a score of 68 out of 100 from ratings agency Sustainalytics (www.sustainalytics.com), which places it thirteenth in its sector and classifies it as an "Outperformer".

MSCI (www.msci.com) confirmed the Group's AA rating in 2020, with a retail industry-adjusted score of 7.9/10. The Group is just short of AAA, the best possible rating. Only 15% of the companies that are rated score between AA and AAA.

In 2020, Fnac Darty received a rating of C for reporting on its climate actions from the Climate Disclosure Project (CDP) (www.cdp.net/en), a non-profit organization that assesses companies based on their actions to protect the environment.

The Group was also recently awarded a score of 74/100 by the Gaïa Rating agency (www.gaia-rating.com/), up from last year.

All of the above demonstrates Fnac Darty's solid foundations. It will continue to strive for ratings that best reflect its actions in terms of corporate social responsibility through the quality and transparency of its data. The Sustainable Development approach is integral to the Company's strategy and the Group's non-financial data is published in most of its communication media.

(1) Specialized retail market as defined by Vigeo.

Change in non-financial ratings

Agency	Rating	Score	Year of publication	Trend
Vigeo Eiris	A2	48/100	2020	↗
Sustainalytics	Average performer	68/100	2020	↗
MSCI	AA	7.9/10	2020	↗
CDP	C		2020	↘
EthiFinance (Gaïa Rating)		74/100	2020	↗

Our contribution to the Sustainable Development Goals (SDGs)

Through its model, strategy and mission, Fnac Darty is focusing its efforts on and contributing to SDGs 4, 11, 12, and 3.

Through its oversight and initiatives, Fnac Darty is also contributing to SDGs, 3, 5, 8 and 16.

Fnac Darty's involvement in these SDOs is detailed in Chapter 2 of this document.

1.1.2 / A BUSINESS MODEL THAT CREATES SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

Our resources

An ecosystem of renowned and complementary brands

Fnac and Darty, two iconic brands
WeFix, Nature & Découvertes, Billetreduc.com, PC Clinic: strategic acquisitions that are in line with the Group's *raison d'être*

Committed human capital

Nearly 25,000 employees, including:

- **more than 75%** in direct contact with customers
- **more than 3,000** dedicated to repairs (including 2,500 technicians)

A solid financial position

- **2020 revenue up 1.9%** based on reported data at €7.5 billion
- **Free cash-flow from operations for 2020** (1) **of €192 million,** an increase compared to 2019
- **Net cash of €114 million** at the end of 2020
- **A solid liquidity position of €1.9 billion** at the end of 2020

An omnichannel, multi-format model

- **908 stores** (including 344 franchises)
- **14** main **websites**
- **Second largest player in e-commerce in France** in terms of audience (2)
- A high level of **click&collect**

A centralized, in-house logistics network

- **1,000** delivery **centers**
- **14 warehouses and around 90** physical sales, e-commerce, and after-sales service **platforms**
- Centralized organization of after-sales service focusing on four major workshops in France and one spare-parts warehouse

Key markets

- **Six European markets:** France and Switzerland, Belgium and Luxembourg, and Iberian Peninsula
- Franchises in **Africa**, the **Middle East**, and the **French overseas departments**
- **A diversified** product and services **offering**

Governance of the highest standard

- **A diverse range of skills** and a significant proportion of women (43%) on the Board of Directors
- **An independence rate** of 79% and an **attendance rate** of 98% for Board members
- **An Executive Committee compensation system** that includes CSR criteria and long-term components

FNAC DARTY

An omnichannel European player, specializing in the retail of consumer electronics and domestic appliances, cultural and leisure goods, and a leader in after-sales service.

OUR *RAISON D'ÊTRE*

Commit to an educated choice and a sustainable consumption

OUR CSR PILLARS

(1) Excluding IFRS 16.
(2) Source FEVAD, average for 2020.

Added value for

Customers

- Services and independent advice to help them make an educated choice and promote sustainable consumption
- An omnichannel offering and operational performance that can be adapted to each individual's needs

> Approximately **200,000 subscribers to Darty Max,** the subscription-based repair service, with a target of more than 2 million subscribers in 2025
> **152** "Sustainable Choice by Darty" labeled **products**
> An **increasing sustainability score** (105 compared with 95 in 2018), with a target of 135 by 2025

Employees

- Development of skills and employability
- Quality of life at work and professional equality

> **76%** of employees received training in 2020
> Launch of an extensive **one-on-one training program** to strengthen expertise among salespeople
> **24%** of women in leadership positions, with a target of 35% in 2025
> A **gender equality** index score of 90/100 [(3)]

Partners

- A sustainable ecosystem of partnerships
- Synergies and cooperation

> More than **1/3 of the stores in our network are operated under franchise** (344 stores)
> **More than 4,000 sellers** on Marketplace
> **Strategic partnerships,** in particular in the urban mobility market (products, repair services)

Shareholders

- A healthy balance sheet and highly robust liquidity position
- Improved non-financial ratings
- A new strategic plan, which aims to generate recurring free cash-flow from operations and a return to shareholders starting this year

> **Aggregate free cash-flow from operations** [(4)] of approximately €500 million over the period 2021-2023 and at least €240 million annually from 2025
> Distribution rate of at least **30% in the medium term** [(5)]
> Proposed ordinary **dividend of €1/share for 2020** [(6)]
> Vigeo rating up 4 points; **9th out of 73 companies in its sector**

Company

- Democratization of culture and promotion of cultural diversity
- Historic partnerships with players in the Social and Solidarity Economy (SSE)

> More than **2,000 free cultural events,** in-store and online
> Launch of a digital cultural media initiative: **La Claque Fnac**
> **€340,000** in micro-donations and **411,000 books** passed on to associations
> Over **300,000 large domestic** appliances donated to the SSE
> **Work toward an omnichannel** customer experience adapted to every need

Environment

- Extending product life span through repair and Second Life
- Waste collection and recycling
- Actions to reduce CO_2 emissions

> **More than 1.7 million** products repaired, with a target of 2.5 million products repaired in 2025
> **Nearly 50,000 metric tons** of electronic waste collected
> Transport and energy-related **CO_2 emissions down 12%,** with a target of -50% by 2030

Public authorities

- Cooperation with institutions to promote product sustainability
- Fiscal responsibility

> **An active contribution** to the development of the repairability index (AGEC law)
> **€122 million in tax** and contributions paid

(3) Consolidated Index of Fnac Darty companies in France.
(4) Excluding IFRS 16.
(5) Calculated on the net income from continuing operations, Group share.
(6) Proposal submitted to a vote at the General Meeting on May 27, 2021.

1.1.3 / MARKET CHALLENGES, SOURCES OF OPPORTUNITY

Fnac Darty, a leader in tackling the current challenges	Our achievements in 2020
Unprecedented global health and economic crisis	
Disrupted supply chains and strained logistics and delivery capabilities	A high-quality relationship with our suppliers, in line with our leading position in the specialized retail market in France Centralized in-house logistics capabilities providing the ability to adapt quickly and nimbly in times of crisis Partnerships with key delivery service providers and strong internal delivery capabilities that can be easily mobilized when required
Shifting consumption patterns	A product offering tailored to consumer expectations, with greater focus on home equipment and categories related to remote working and home-based learning A reliable service offering (delivery, after-sales service), despite the challenging context, to meet the urgent needs of our customers
Purchasing power affected	Short-time working measures applied in the Group's operating countries during the first lockdown Set guaranteed prices in a context of crisis and shortage of a number of products
Rethinking employee relations	An employer anxious to guarantee the health and safety of its employees – provision, ahead of the curve, of health protection (masks, gel, remote working measures and adjustment of working hours, etc.) A new, fully safe approach to in-store contact with the implementation of "Welcomers", Plexiglas, and self-service gel. Compliance with capacity limits, and social distancing measures These health safety measures have made it possible to contain the number of infections and were welcomed by the brands' customers and by the various administrations, whose site inspections have all proved conclusive
Sharp upturn in e-commerce	
A highly competitive sector	Success of our omnichannel model combining the complementary strengths of stores and e-commerce A strong digital presence, representing nearly one-third of the Group's sales in 2020, an increase of 10 pt in one year Differentiation thanks to our diversified range of products and services France's leading after-sales service
A demand for immediacy	A first-rate customer promise, with delivery times at the best market standards Widespread roll-out of the click&collect offer across all countries and products to offset in-store restrictions and the closure of some or all departments
Consumers faced with hyperchoice	Wide, ever-more diverse range of products available (urban mobility, kitchen, etc.) A Marketplace featuring more than 30 million product items
Managing high volumes of demand in a short time	Reliability of digital and logistics platforms designed to support very high demand (+60% of parcels delivered at Group level in 2020 compared to 2019) Ability to adapt in response to reallocation of resources (human, technical, logistics) to meet and fulfill all orders as soon as possible

Fnac Darty, a leader in tackling the current challenges	Our achievements in 2020
Crisis of confidence and search for meaning	
A strong attachment to stores, which are essential to the consumer experience	Successful store re-openings with a rapid return of consumers post-lockdown The need for advice and expertise from our salespeople and an ever-present consumer need to see and test the products in-store
Employees and consumers seeking to align their work and buying habits with their values	A responsible employer and retailer that attracts talent and builds consumer loyalty Continued integration of Nature & Découvertes (B Corp company) to strengthen the Group's offer in the Wellbeing segments, and the committed consumption of natural products
The lifestyle disruption wrought by the crisis has led to a redefinition of priorities and a re-examination of the concept of product use	An innovative product offering that is always adapting so as to keep abreast of changing consumer habits (urban mobility, remote working, home equipment) A wide, groundbreaking range of services to facilitate and guarantee product use – continued integration of WeFix (acquired in October 2018) and roll-out of Darty Max, which garnered almost 200,000 subscribers in 2020
Increased growth in sustainable and responsible consumption	
Increasing consumer interest in the provenance and composition of consumer goods	New innovations in terms of customer information regarding product composition and repairability (Labo Fnac, After-Sales Service Barometer)
Consumer awareness of the ecological footprint of products and their lifespan	Initiatives that contribute to extending product life spans: increasing product lifespans (leading after-sales service – Darty Max – sustainable choice label – repairability index); recycling (leading WEEE collector – clean recycling center since 1994 – 2 for 1 collection system) and promotion of second life (Fnac Occasion and Darty Occasion – partnership with "Envie")
Increasing expertise of consumers	Support thanks to the genuine expertise of our 12,000 salespeople (33% of employees trained in France in face-to-face sessions, and 77% via e-learning) and more than 3,000 employees dedicated to repairs
Growing climate and environmental challenges	
Growing awareness	A commitment by the Group to reduce its CO_2 emissions by 50% by 2030 compared to 2019, primarily by tackling energy consumption and transport A Climate Committee set up in 2019 for regular monitoring of progress and action undertaken in this area, and meet this target
Increasing regulation	A repairability index established by Darty as early as 2018, ahead of the French government's implementation of the repairability index as of January 1, 2021
Innovation to foster a more circular economy	Recognition for the Group's initiatives pertaining to the circular economy: Fnac Darty has received the commendation of the French Ministry for Ecological and Inclusive Transition and, in 2018, was awarded the "Entreprises et Environnement" (businesses and environment) prize by Ademe, in the Circular Economy category Groundbreaking initiatives to foster a more circular economy: customer information and independent advice (Labo Fnac since 1972 – After-sales service barometer) – increasing product lifespans (leading after-sales service – launch of Darty Max service in late 2019 – sustainable choice label – repairability index since 2018); recycling (leading WEEE collector – clean recycling center since 1994 – 2 for 1 collection system) and promotion of second life (Fnac Occasion and Darty Occasion – partnership with "Envie")

1.2 / History

1.2.1 / HISTORY OF FNAC

1954 Since its founding by André Essel and Max Théret in 1954, Fnac has had a remarkable history built on passion, boldness and adaptation to changing consumer patterns.

From the outset, the two founders wanted to break the mold of traditional business, so they based their enterprise on the idea of consumer protection. When it was created, "Fnac" was an acronym for the Fédération Nationale d'Achats des Cadres (National Federation for Purchases by Executives). At that time, it was set up to enable executives to buy photographic and cinematographic equipment at attractive prices. Fnac subsequently opened up to a wider customer base by introducing new product categories such as books and music.

1957 Fnac opened its first store, which specialized in photography and sound equipment, on Boulevard Sébastopol in the fourth arrondissement in Paris. A few years later, this store was expanded with the introduction of a section dedicated to records.

1960 Fnac's first laboratory tests comparing various consumer electronics were published in *Contact* magazine. The introduction of a testing laboratory forged Fnac's enduring image as a specialist in consumer electronics.

1965 The Group created a cultural association called Alpha (Arts et Loisirs Pour l'Homme d'Aujourd'hui or Arts and Leisure for Today's Man), which became the first ticketing business in France. A year later, Fnac launched its first photo gallery, confirming its intention to invest in the culture sector.

1969 Fnac opened a second store in 1969, on Avenue de Wagram in the seventeenth arrondissement in Paris. The highly innovative design of this store reflected a different retail concept. This was followed three years later by the opening of the first store outside Paris, in Lyon.

1974 This year marked the beginning of book sales, with the opening of the Fnac store at Montparnasse (in Paris) and the creation of the Forums de Rencontre cultural spaces. These areas, inside the stores, are entirely devoted to culture and to interaction with artists, through events like concerts, book signings and discussions with leading figures; this cemented Fnac's strategy and its identity as a cultural player.

1979 Fnac's Forum des Halles store opened its doors and quickly became the largest Fnac Group store in terms of both size and revenue.

1980 Fnac stock was first traded on the Paris Stock Exchange. A year later, it began to diversify internationally, opening its first store in Brussels, Belgium. The same year, it also launched its travel business, Fnac Voyages.

1993 After Belgium, Fnac headed south and established itself in Spain, with its first store in Madrid.

1994 The Crédit Lyonnais Group became Fnac's majority shareholder. Fnac then became part of the Kering Group, and its stock stopped being traded in December 1994.

1998 The brand opened its first store in Lisbon, Portugal.

1999 Fnac began its program of multi-channel development by launching a website (fnac.com) and continued its expansion outside Europe, opening its first store in São Paulo, Brazil.

2000 Fnac accelerated its international expansion by introducing its business to two new countries: Italy and Switzerland.

2006 Fnac began operating in outlying metropolitan areas with a new one-story store format, the first of which was located in Bordeaux Lac.

2011 The Company launched a strategic plan ("Fnac 2015") based on three objectives: ramping up the omnichannel strategy, developing closer ties with customers, and developing levers for growth, both in terms of new products and new store formats.

2012 The brand disposed of its activities in Italy and accelerated and strengthened its geographical coverage by opening new format stores operated directly or via a franchise.

2013 In keeping with its strategic refocus, Kering launched the Fnac spin-off and listed it for trading on June 20.

2015 The Fnac Group made an offer to acquire Darty in the belief that this merger would be a major strategic and financial opportunity for both groups, with the goal of creating the leading retailer of consumer electronics, entertainment products and domestic appliances in France.

2016 Fnac Group shareholders decided to establish a strategic partnership with Vivendi, which became the shareholder of 15% of the Fnac Group's capital through a reserved capital increase in the amount of €159 million.

1.2.2 / HISTORY OF DARTY

1957 Creation of the Darty brand.

"A customer is satisfied only when the product he purchases works and performs as expected," observed the young brothers Natan, Marcel and Bernard Darty as they dealt with customers. This observation would become the basis for their business practices. In the months following the creation of the brand in 1957, they offered customers low prices and rapid delivery and repair. Their formative years were dedicated to learning how to apply the gold standards of business, and to developing the family business in Paris and its suburbs. The Darty brothers, who initially worked in textiles, opened their first commercial space, specializing in radio and television sets, in Montreuil (Seine-Saint-Denis), north-east of Paris.

1965 Opening of the second Darty store, in the Belleville district of Paris.

1968 Opening in Bondy (Seine-Saint-Denis) of the first superstore specializing in domestic appliances in an 800 m^2 retail space, and launch of the first after-sales service.

1969 Creation of the subsidiary Caprofem, a domestic appliances wholesaler, and establishment of its premises in Pantin (Seine-Saint-Denis).

1973 Launch of the customer promise "A bottle of champagne if you find a cheaper price elsewhere", to reinforce Article 2 of the Darty Contract of Confidence on refunding the difference. This represents the first time a retailer made a written commitment to its customers guaranteeing prices, choices and services. This contract thus became the Company's identity, applying to all employees.

1974 Darty had one warehouse, 11 stores and 908 employees. 45 trucks made 400 deliveries per day.

1975 40,000 m^2: the surface area of the Darty warehouse in Mitry-Mory, the largest in Europe dedicated to domestic appliances.

1976 Listed for trading: the share price was 300 francs. One third of the equity was available to the public. At this time, Darty had 20 stores and 1,845 employees.

1984 Darty founded Dacem, a company to ensure the supply and management of spare parts and accessories for domestic appliances.

Partnership with "Envie", a charitable aid network for social integration through work in the recovery and repair of devices that were past their useful life.

1988 In April, the management team took the initiative, with the support of the founders, to launch a public tender offer allowing Darty employees to assume ownership of their own company. The operation was a success: 90% of the 6,521 employees participated, taking control of 56% of the capital. It is still the largest MBO (management buyout) in Europe. Acquisition of a 49% stake in the company New Vanden Borre, a specialist retailer in domestic appliances in Belgium.

Darty opened its one-hundredth store.

1989 Darty was the first retailer to sponsor a television show, the weather report. This sponsorship is still in place.

1993 Darty joined the European Kingfisher Group which, after a spin-off in 2003, became Kingfisher Electricals SA (KESA). During this period, Darty adapted its range of services to meet new customer expectations by becoming a retailer of multimedia solutions and developing its darty.com website. It also changed the interior design of its stores.

1996 Darty launched its first website (which would go on to become a retail site three years later). Customers who make purchases on www.darty.com or over the phone enjoy the benefits of the Contract of Confidence.

1999 Darty created a technical helpline for its multimedia customers, which is open seven days a week.

2003 Darty changed the interior layout of its stores to make customers feel more welcome and improve their shopping experience.

2006 With DartyBox, Darty became a service provider (internet, telephony, television).

2007 Successful launch of the Darty card: this customer loyalty card offers customers access on darty.com to all of the products they have purchased, as well as their warranties, instructions and a selection of associated products. Creation of the first purpose-built kitchen space within the new Darty store on Rue de Rivoli in Paris.

2014 Starting with its first franchise store in Challans (Vendée), Darty set out to reach the 30% of the French population that does not have a Darty store nearby.

Launch of the Darty Button to celebrate the fortieth anniversary of the Contract of Confidence. A major innovation, this small connected object allows customers who subscribe to the service to receive telephone support for all home products purchased from Darty or elsewhere, whether under warranty or not. At the simple push of a button, customers receive an immediate callback, 24 hours a day, 7 days a week.

2015 Darty offers in-home repair and same-day delivery for large domestic appliances and televisions. The brand is always at the cutting edge of innovation and is the only brand to offer these services immediately.

1.2.3 / HISTORY OF FNAC DARTY

2016 Fnac Darty is born: In July, the French Competition Authority authorized the acquisition of Darty by the Fnac Group. After several months of constructive discussions between Fnac and the Authority, the latter acknowledged that physical stores and online sales were part of the same market, a pioneering decision in Europe.

On August 17, Darty shares were delisted (from the London and Euronext Paris exchanges). At the end of the squeeze-out period, which was September 12, 2016, Fnac had acquired 100% of Darty's share capital, of which 30.64% was paid in shares.

2017 Launch of the Confiance+ strategic plan in December.

2018 Acquisition of WeFix, the French leader in express smartphone repair.

2019 Several acquisitions expanded the brand portfolio: Billetreduc.com, a leading player in "last-minute" event ticketing in France, and Nature & Découvertes, a leading omnichannel retailer of natural and wellbeing products.

Partnership with CTS Eventim, the European leader in the ticketing sector.

Launch of Darty Max, a brand new subscription-based repair service intended to extend the life span of large appliances.

2020 In order to refocus on markets where the Group has critical mass, Fnac Darty sold its Dutch subsidiary BCC, which specializes in electronics and household appliances in the Netherlands, to Mirage Retail Group.

1.3 / 2020, a year marked by an unprecedented health crisis

In the context of the unprecedented Covid-19 health crisis, the Group's priority was to guarantee the health and safety of employees and customers by implementing the best protection measures, ahead of legal obligations. Good management of this crisis was therefore based on the adoption of collective, organized measures, which was possible thanks to the quality of social dialog within the Group to ensure business continuity. All the measures taken by the Group, which helped to contain the number of infections, were praised by the customers of the brands, but also by the different administrations whose control inspections were all conclusive. Fnac Darty was able to demonstrate its agility and capacity for rapid adaptation in a changing environment to meet consumers' urgent need to be equipped for working and learning from home.

Despite the atypical context that prevailed in 2020, the Group pursued its initiatives to become a major player in the circular economy, and a promoter for extending the life span of the products. Fnac Darty therefore continued the roll-out of its new subscription repair service, Darty Max, launched in October 2019, and designed to extend the life span of large appliances. This service carries on the Group's longstanding commitment to responsible consumption. At the end of 2020, around 200,000 customers had subscribed to this service, and several thousand appliances had been repaired each month thanks to Darty Max, representing tens of tons of waste prevented.

The Group also pursued its initiatives in supporting its customers toward an educated choice and sustainable consumption with the launch of the third edition of the "after-sales service barometer" in September 2020, which is designed to give the public better information about the life span of 63 product families from the universe of appliances and multimedia, compared with 15 the previous year. This new edition, available to all our customers on our websites and in stores, now features an easily identifiable sustainability score, aggregating both reliability and repairability criteria, an innovation that lets consumers compare all product categories against one another and make comparisons between brands. The Group also used this sustainability score to expand the selection of products referenced by the "sustainable choice by Darty" label, which now covers 152 products, 83 large domestic appliances and 69 small domestic appliances. This innovation, implemented in all Darty stores, is based on two criteria: availability of spare parts for at least 10 years and the product's low breakdown rate within its price category. The Darty Occasion offer has been extended to include cold-category household products, including refrigerators and freezers, in order to give a second life to all types of electronic and household products offered and to strengthen the Group's position in this growing market.

1.3.1 / FNAC DARTY'S UNIQUE AND HIGHLY AGILE OMNICHANNEL MODEL AND SOLID BUSINESS EXECUTION

The year 2020 was marked by the Covid-19 crisis and its spread around the world overwhelmed all business sectors, including retail. While guaranteeing the health and safety of its employees and customers, Fnac Darty then demonstrated its capacity for rapid adaptation and its operational agility in order to continue its service, delivery and after-sale service activities.

Fnac Darty first had to face a supply crisis related to production delays generated by disruption to the industrial bases in China following the arrival of the epidemic on Chinese territory at the beginning of the year. The Group had to adapt its merchandise purchasing policy to deal with production delays and develop a tactical purchasing plan for categories of key products in close collaboration with its suppliers.

Starting in March, the pandemic spread across Europe, leading to the implementation of the first lockdown measures by all governments in the countries in which Fnac Darty does business. These measures led to the closure of almost all the Group's stores, representing 80% of the Group's normal revenues, from March 15 through May 10, resulting in a total shutdown of in-store sales. The centralized organization of the Group's logistics platforms and the strength of its digital platforms meant it was able to quickly adapt its model and meet the very high demand, thanks to the unfailing commitment of its teams and the rapid reassignment of resources to digital capacities and service activities. The Group was also able to rely on its partnership ecosystem of delivery providers and its in-house delivery capabilities, which allowed it to ensure delivery times in line with the highest market standards.

At the same time, another Fnac Darty priority was to protect the Group's profitability and liquidity. 80% of its workforce was furloughed following the closure of the store network during the first lockdown. The Group has adjusted its rent payments, postponed the payment of taxes and social security charges, and put in place merchandise purchasing and inventory target policies. The Group also negotiated longer payment terms with its suppliers in accordance with the French law on economic modernization (known as the "LME"). The investment plan was revised downward while maintaining its priority projects. Finally, Fnac Darty was one of the first issuers in France to receive a €500 million state-guaranteed loan in April.

At the end of the first government-imposed lockdown, the Group began to progressively reopen its stores. Almost all stores in France, Switzerland and Belgium re-opened the week of May 11, while stores in Portugal re-opened on May 15. In Spain, stores reopened very gradually throughout the month with the last ones opening at the end of the first week in June. In line with its commitment to ensure the health and safety of its employees, partners and customers, Fnac Darty implemented all necessary health measures to ensure the successful reopening of its stores, which was permitted thanks to the advance preparation of employees and their unfailing commitment.

The Group's high-quality supplier relationships and the solid commercial capacity of its teams allowed it to achieve a good level of product availability throughout the year and to meet the high demand in categories of products related to telecommuting, at-home learning, gaming and home equipment.

Faced with the increased spread of the virus in October 2020, new lockdown measures were implemented in France from October 29 to November 28, resulting in the closure of the departments of product categories deemed non-essential by the Government (editorial products including books, large appliances, games & toys). All Fnac and Darty stores remained open in France during this period for the sale of consumer electronics, small household appliances and urban mobility products, which represented more than 60% of normal product sales. For the other categories, online and click&collect sales authorized during this second lockdown recorded high demand. Once again, Fnac Darty had to demonstrate a strong capacity for adaptation by reorganizing its stores and implementing a large number of initiatives to promote click&collect as much as possible during a crucial period of major sales appointments for the Group. The Group's leading position in France, combined with the quality of its relations with its suppliers and its solid business execution allowed Fnac Darty to outperform in sales during the end of year period, Black Friday and Christmas.

The Group thus demonstrated the complementary nature of its stores and its digital platforms, and the relevance of its omnichannel model in an unprecedented health crisis. The strong appeal of the Fnac and Darty brands combined with highly agile operations and business execution allowed the Group to record growth of more than 55% in its e-commerce platforms over the year, with more than 5 million new active online customers identified during the period. In addition, there was continued strong momentum in winning new members this year, which was driven in particular by the revamping of the loyalty program marked by the launch of the new Fnac+ card that is designed to support the digitalization of customers' purchasing behavior and offer them an enhanced cross-brand experience. This card offers a number of promotional offers common to the Fnac and Darty brands: free and unlimited delivery in one business day, a common pool for accumulating loyalty points that can be converted into purchase vouchers for use through both brands, online and in-store. As a result, more than 1.3 new Fnac+ members signed up during the year, bringing the total number of Fnac+ members to nearly 2.2 million at year-end 2020. Fnac Darty boasted a membership base of nearly 10 million members, including 7 million in France at the end of December 2020.

In 2020, e-commerce represented 29% of the Group's revenues, versus 19% one year earlier. The Group has also seen an acceleration in mobile devices, which account for more than 64% of the traffic on its sites, an increase since the previous year. Marketplaces also posted very strong double-digit growth. Omnichannel, which was impacted by the closure of all or some of the stores and limits on in-store traffic, accounted for 42% of online sales during the year, in a context of very strong growth in the weight of e-commerce. The momentum of click&collect remained very steady, particularly during Q4 when order processing via click&collect rose by 40% compared to Q4 2019.

The Group continued to expand its store network at a slower rate than in the past, with the opening in 2020 of 36 stores, including 27 under franchise. The Group opened 9 directly owned, 3 Fnac, 4 Darty and 2 Nature & Découvertes stores. Fnac opened 13 stores during the year: 10 in France, 1 in Portugal, 1 in Spain and 1 in Belgium. Darty opened 21 stores in France. At year-end 2020, Fnac Darty had a network of 908 stores, including 344 franchises. The momentum of expansion will continue in 2021, at a slower rate than previously, primarily in the franchise format.

At the same time, in November 2020, Fnac Switzerland and Manor launched a test phase lasting several months for the rollout of four shop-in-shops in Switzerland. If this test phase proves conclusive, it will allow the Group to significantly strengthen its presence in Switzerland.

1.3.2 / FINALIZATION OF THE SALE OF BCC IN THE NETHERLANDS TO MIRAGE RETAIL GROUP

Following the announcement in January 2020 of the search for a partner to pull out of the Netherlands, in November 2020 the Group finalized the disposal of 100% of its Dutch subsidiary BCC, a specialist in electronics and large appliances in the Netherlands, in accordance with the terms communicated on September 28, 2020 and after obtaining the necessary authorizations from the relevant regulatory authorities and work councils. Mirage Retail Group has real experience in retail in the Netherlands and specializes in recovery strategies, combining its in-depth knowledge and experience in retail, real estate and logistics to drive forward-looking brands with high profit potential. Fnac Darty is convinced that the transaction will enable BCC to benefit from the right support for successful performance in its market.

1.3.3 / CONTINUATION OF INITIATIVES TO INNOVATE AND DIVERSIFY THE FNAC DARTY OFFER

In 2020, despite the difficulties encountered in an unprecedented crisis, Fnac Darty pursued its initiatives in terms of innovation and customer experience by expanding the diversification of its product portfolio.

WeFix

The integration of WeFix continued in 2020, despite the difficult operating conditions imposed by the two successive lockdowns, with the opening of 21 new points of sale, bringing the total number of points of sale to 117 at the end of December. Note that the repair activities and the sale of reconditioned products and accessories increased in a context in which in-store footfall was impacted by the current crisis. In addition, the group rolled out the X-Force screen protection solution, named product of the year 2021, in 197 Fnac and Darty stores.

Nature & Découvertes

Nature & Découvertes recorded a decrease in its sales in 2020 due to the drop in in-store sales impacted by the closure of its entire store network during the two lockdowns, and despite the strong growth of more than 100% in its online sales. This strong momentum in online sales was driven by the Children's Equipment, Wellbeing and Nature Activity categories. The three Nature & Découvertes stores in Germany were closed in 2020, in order to reposition the brand in its key markets. The retailer's first location in Spain has been a success, and the Group intends to continue the expansion of Nature & Découvertes by building on its existing operational capacities.

Services

Services were significantly impacted in 2020 by a high comparison base effect until April, related to the change in the multimedia insurance service provider in April 2019, the closure of integrated and franchise stores during the first lockdown, the limits on in-store traffic and the suspension of ticket sales as a result of the government measures imposed on the entertainment industry. At the same time, the Darty Max service recorded real success with French consumers. Despite the context that hindered the attraction of new customers, particularly during the first lockdown, almost 200,000 customers have already signed up for this unlimited subscription repair service, which covers all large appliances for €9.99 a month. Available since its launch in all Darty stores in France, consumers have been able to subscribe to this service online and by telephone since September.

Darty Kitchen

The roll-out of the Darty Kitchen offer continued in 2020 with the opening of 16 new sales areas, including 8 new stores exclusively dedicated to this offer. At the end of December 2020, the Group had more than 165 Kitchen sales outlets, including 19 stores dedicated exclusively to this service offer.

Other product diversifications

Finally, Fnac Darty continued to diversify its product offer, allowing for reallocation of the in-store sales area to new, fast-growing product categories, driven particularly by the Games & Toys, Home & Design and Urban Mobility segments. Building on its leading position in France in the scooter segment since 2019, the Group expanded its high-end product line to new categories. In keeping with this development, Fnac Darty signed an exclusive distribution agreement with the Xiaomi brand to sell its folding electric bike, and with Angell Bike to distribute its electric power-assisted bicycles. Fnac Darty also signed a new partnership with Citroën to exclusively market AMI, the car manufacturer's fully electric mobility solution, in 39 Group stores. Finally, and more recently, Fnac Darty completed its innovative offer by entering into a partnership with Red Electric for the distribution of the new Model E scooter, 100% electric and 100% French, in 30 Group stores. In addition, Fnac Darty expanded its service offer by partnering with Cyclofix, the French leader in micromobility maintenance to provide consumers with a complete mobility ecosystem, offering an immediate repair service for electric scooters and bikes in Fnac and Darty retail stores. This partnership is fully aligned with the Group's commitment to extending the lifespan of its products.

1.3.4 / GROWTH IN 2020 REVENUES IN THE CONTEXT OF AN UNPRECEDENTED HEALTH CRISIS

Fnac Darty posted revenues of €7,491 million, an increase of +0.6% on a like-for-like basis. This performance was achieved in the context of an unprecedented health crisis marked, in particular, by two lockdown periods. During the first lockdown (March 15 – May 10, 2020), almost all the Group's stores were closed and online sales increased sharply thanks to the agility and power of the Group's centralized logistics and delivery capacities. During the second lockdown (October 29 – November 28, 2020), online and click&collect sales were available for all products, easing the impact of the closure on departments deemed non-essential in stores. Over the year as a whole, the solid growth in online sales of more than 55%, driven primarily by the gain of over five million new active online customers and the capability of the omnichannel model, more than offset the decline in footfall in stores.

Additional revenues related to the consolidation of Nature & Découvertes over a full year amounted to €83 million in 2020.

The gross margin rate reached 29.2% in 2020, down -120 basis points compared with 2019, primarily because of an unfavorable product mix effect of 80 basis points due to a drop in footfall in-store, which particularly penalized editorial products that are very sensitive to impulse purchases, and a sharp increase in sales of consumer electronics. Ticket sales, which fell sharply, impacted the gross margin rate by -45 basis points. Finally, the consolidation of Nature & Découvertes over a full year offset the decline in other retail services impacted by drop in footfall in stores.

Current operating income stood at €215 million in 2020, down -€78 million year-on-year. After an operating loss recorded in the first half, primarily tied to the health crisis, good control of operating costs and the full effect of the readjustment plans helped Fnac Darty maintain an operating margin in the second half of 2020 that was unchanged from the second half of 2019. The consolidation of Nature & Découvertes over a full year in 2020 had a negative impact of -€16 million on 2020 current operating income for the period due to the normal seasonal activity of the brand.

The net income, Group share from continuing operations was €96 million in 2020 compared to €115 million in 2019. The limited decline primarily represents the reduction in non-current items, financial expenses and the tax liability compared with 2019.

Fnac Darty continued to generate a strong free cash flow from operations amounting to €192 million in 2020, up +€19 million compared to 2019.

The Group's operational and financial performance is detailed in section 4.1 "Analysis of business activities and consolidated results".

1.3.5 / IMPACT OF THE TRANSITION TO IFRS 16

The method used for the application of IFRS 16 is the modified retrospective method. It consists of reintegrating lease commitments into debt and, in turn, recognizing an asset called "right of use". As a result, for lease contracts falling within the scope of IFRS 16, rents are no longer recognized as expenses in the income statement, but as amortization and financial expense instead. Lease payments are divided into the repayment of the debt capital and the repayment of the financial expense. The main impacts of the standard therefore relate to EBITDA, the Group's debt position and the accounting financial cost associated with this debt.

EBITDA was €567 million in 2020. Excluding IFRS 16, EBITDA was €322 million, compared to €395 million the previous year.

The application of IFRS 16 adversely impacted financial costs in the income statement, in the amount of €22 million.

Finally, at the end of December, net financial debt totaled €1,000 million, compared with €114 million excluding IFRS 16.

1.3.6 / A DIVERSIFIED FINANCING STRUCTURE

Excluding IFRS 16, the Group's net cash was €114 million at December 31, 2020 compared with -€18 million at December 31, 2019. Excluding IFRS 16, free cash-flow from operations was high, at €192 million, an increase of €19 million over one year. This performance reflects the very good management of the working capital requirement throughout the year, driven by the optimization of inventory as a result of a controlled purchasing policy in the context of the Covid-19 crisis, with an amplified effect in December due to brisk sales momentum. Operational excellence and financial discipline enabled a rapid decrease in the Group's net debt. As a result, the Group has returned to a positive net cash position in an unprecedented crisis context.

At December 31, 2020, the Group's liquidity position stood at €1,569 million, thanks in particular to the state-guaranteed loan of €500 million with a one-year maturity, and a five-year extension option. In addition to this amount of available cash, a revolving credit facility of €400 million had not been used at December 31, 2020.

Thanks to the Group's good commercial performance which led to strong cash generation and a solid net cash position at year-end 2020, Fnac Darty announces its intention to repay the full amount of the State-Guaranteed Loan of €500 million by no later than the anniversary date in April 2021.

In addition, the €400 million revolving credit facility, drawn down in full as a preventive measure in mid-March 2020, was not used and was repaid on June 18, 2020.

Moreover, the Group's lenders agreed to suspend its financial covenants for the months of June and December 2020; the covenants were, however, met for both due dates.

The Group remains highly attentive to its cash positions and completed a plan to adjust its investment spending in 2020 while preserving its priority projects focused on e-commerce, digitalization and services. Investments were sharply reduced in 2020 compared with 2019, totaling €99 million, in accordance with the indication that had been given by the Group.

Fnac Darty is rated by the ratings agencies S&P Global, Scope Ratings and Moody's. Following the increased uncertainty caused by the Covid-19 crisis, Moody's confirmed the Group's Ba2 rating in April 2020, while placing the rating outlook "under review" for downgrade. On April 7, 2020, S&P Global downgraded Fnac Darty's rating from BB+ to BB and lowered the rating outlook to "negative". However, the agency confirmed the Group's BB rating in September, while lowering the outlook of this rating from "stable" to "negative". Finally, Scope Rating confirmed the BBB- rating assigned to Fnac Darty in June 2020, while lowering the outlook from "stable" to "under review" for downgrade.

On March 16, 2021, Fnac Darty announced its new financing strategy with the repayment in full of its €500 million State-Guaranteed Loan (SGL), the extension of its RCF credit line to €500 million and the repayment of the €200 million Senior Term Loan Facility maturing in April 2023, as well as the placement of its first issue of bonds with an option for conversion and/or exchange for new and/or existing shares (Océane) for approximately €200 million. Details of these various transactions are set out in section 4.3 "Recent events and outlook" in Chapter 4 of this Universal Registration Document.

1.3.7 / GOVERNANCE AND SHAREHOLDING

Ceconomy remains the Group's reference shareholder with 24.2% of share capital. It does not hold any seats on the Board of Directors, but did participate in the coopting of three independent members: Delphine Mousseau, Daniela Weber-Rey and Caroline Grégoire Sainte Marie.

Since February 6, 2018, the French insurance broker SFAM has been the Group's second-largest shareholder, with a stake of more than 11% in the equity of Fnac Darty.

Fnac Darty also continues to take advantage of opportunities for shareholder returns, and the Group seized a market opportunity in 2018 and 2019 by conducting a share buyback program, implemented for the first time in October 2018, for a duration of 24 months.

Finally, in view of the health crisis that marked 2020 and in accordance with the conditions imposed for the implementation of a State guaranteed loan, the Board of Directors withdrew the proposed dividend of €1.50 per share for 2019 on April 19, 2020 and did not conduct share buyback programs in 2020 pursuant to the restrictions imposed.

Given the strength of its business model, Fnac Darty will propose to the General Meeting on May 27, 2021 to reactivate its shareholder return policy and pay an ordinary dividend of €1.00 per share [1], representing a payout rate of around 30% [2]. This dividend will be payable entirely in cash. The ex-dividend date will be July 5, 2021 and the dividend payment date July 7, 2021.

(1) Corresponding to an amount of around €27 million on the basis of the number of Fnac Darty shares at December 31, 2020.

(2) Calculated on the net income from continuing operations, Group share.

1.4 / Fnac Darty markets and offering

1.4.1 / DESCRIPTION OF MARKETS

The Group is the leading retailer of domestic appliances, electronics and entertainment products in France and is primarily active in the following markets:

- editorial products: books (physical or digital), audio (CD, vinyl), DVD/Blu-Ray, new and used video games and consoles and stationery;
- consumer electronics: photography, TV and video, sound (hi-fi, headsets and speakers), computers and tablets, telephony and connected devices;
- domestic appliances, divided between large domestic appliances (including refrigerators, cookers, washing machines) and small domestic appliances (e.g. vacuum cleaners, cleaning appliances and small cooking equipment);
- services: after-sales services, insurance and warranties, gift boxes and gift cards, ticketing, Marketplace and franchise fees;
- diversification: Mobility, Games & Toys, Wellbeing.

The size of the primary markets in which the Group is present is described in the table below:

Size of markets in € million including tax in France [(a)]

	2020	Change from 2019		2020	Change from 2019
TV (Video)	2,818	16.5%	Books	3,375	(1.9%)
Sound	1,164	6.2%	Audio	275	(20.8%)
Photo	550	(19.0%)	Video	260	(27.2%)
IT	5,425	19.2%	Gaming	1,783	4.2%
Telephony	3,016	(0.2%)	Stationery	3,310	31.0%
Connected devices	2,678	24.2%	Large domestic appliances	5,903	1.5%
Games & Toys	2,997	(1.5%)	Small domestic appliances	3,833	13.7%

(a) Source: GfK, February 2021, except for Games & Toys, source NPD.

1.4.2 / MARKET TRENDS

1.4.2.1 / Digitization of retail and changes in consumer behavior

The expansion of the internet has radically changed the two brands' markets. These markets have experienced a huge boom in e-commerce, along with a change in the competitive environment and the digitalization of editorial products.

The advent of e-commerce has resulted in the emergence of new specialized online competitors, known as "pure players", who focus on competitive prices and services and an ever-expanding offering. Some of these pure players, like Amazon, have an international presence, while others, like Cdiscount or Rue du Commerce, are primarily focused on the French market.

International competitors offer their customers a very high level of service (high-quality websites, logistics, transport and customer service) and are forcing click & mortar companies to meet quality standards that are at least as high as theirs.

The evolution of the internet and the advent of pure players have changed consumer purchasing behavior. The development of e-commerce websites has led to an expanded range of available products and facilitated instant price comparisons. Consumers now have much more information about product features via technical fact sheets and consumer reviews. Armed with the knowledge they obtain from this information, they are becoming more demanding in stores in terms of price, advice and product offerings.

The rapid development of the internet has also led to the phenomenon of digitization, i.e. the transition from physical media to digital media, which has radically altered consumer spending patterns on editorial products as downloading and streaming have become more prevalent. Consumers increasingly prefer digital editorial products, partly because they are cheaper than their physical counterparts, but also because they save space, are more accessible, can be consumed immediately, etc. However, this digitization phenomenon affects each segment of editorial products differently. The segments that have been most affected are audio CD, DVD and Gaming with a penetration in the digital sector of 70%, 82% and 79% respectively [(1)]. Although the e-book market is growing in France, the rate of penetration remains low, at 3% [(1)] of the market in 2020.

The specific context of 2020, marked by an unprecedented health crisis, leading to the implementation of lockdown measures, travel restrictions and curfews, accelerated digitalization in the retail sector, with the e-commerce share increasing sharply. According to Fevad [(2)], e-commerce revenues increased by 9% in 2020, led by an increase in online product sales estimated at 32%, while services fell by 10%. The weight of e-commerce was up by 3 points in 2020, representing 13% of retail trade. Finally, omnichannel players demonstrated the relevance of their model with online sales up sharply at +53% over the year (with peaks of +100% during the two lockdowns; acceleration of home deliveries, click&collect and drive).

1.4.2.2 / Competitive environment

Fnac Darty's main competitors are:

- specialist online retailers, known as pure players, which account for the majority of online sales. They rely on competitive pricing and services and an ever-expanding offering. Fnac's main competitors in France are the Amazon, Cdiscount, Alibaba and Rue du Commerce websites;
- specialist retailers that offer products to their customers through a network of physical retail spaces (brick & mortar) and, where applicable, via a website (click & mortar). These players usually have an established reputation among the general public because they have existed for a long time and offer a general range of products. In France, for example, the best-known are HTM Boulanger, Conforama, But and Cultura;
- mass-market retailers (mainly hypermarket chains like Carrefour, Auchan, Leclerc, Géant Casino and Cora) that also offer consumer electronics, editorial products and domestic appliances; and
- ISPs (Internet Service Providers) and digital platforms that offer music (Spotify, Deezer, iTunes), VOD (Netflix) and online gaming (Steam, Origin).

1.4.2.3 / Market trends

The consumer electronics market, which represented 49% of revenue in 2020, depends heavily on product innovation cycles and household ownership rates. Innovation and its impacts are inherently hard to predict.

The traditional cycle of a consumer electronics product begins with its market launch, followed by high levels of growth as households equip themselves with the new technology. Once households are fully equipped, growth lessens progressively and the market reaches maturity. Following this period, which varies in length depending on the product in question and is generally reflected by a fall in prices, the product may experience a resurgence in growth when old models are replaced and when households buy multiple devices.

Innovations can disrupt the "purchase-maturity-replacement-multiple device" growth cycle, producing strong acceleration or deceleration effects. For example, the widespread use of tablets in recent years has created a new cycle of growth in the micro-computer market, and households have added a tablet to the multimedia devices they own. We are also witnessing the premiumization of IT products (a trend towards thinner and lighter computers, and the growth of gaming computers).

However, with the recent introduction of smartphones with large screens, consumers are now turning more to telephones than to tablets. This phenomenon of substitution and cannibalization by smartphones has also affected existing devices such as MP3 players, GPS systems and cameras.

Over the past few years, cycles have become shorter and shorter and consumers are now replacing their electronic devices at an ever-increasing rate.

In recent years this market has seen the emergence of new product categories, with a surge in demand for connected devices, for example.

(1) Source: GfK, February 2021.
(2) Source: FEVAD: 2020 e-commerce summary, published February 4, 2021 on www.fevad.com.

Consumers are placing increasing importance on services related to consumer electronics (insurance), as well as delivery and after-sales service.

The growth in remote working and home-based learning in connection with the health crisis led to very strong demand for consumer electronics, particularly in categories such as IT and accessories, which recorded robust growth throughout the year. Time spent at home and the closure of theaters and cinemas also created a desire among consumers to purchase entertainment products, resulting in high demand for wide-screen televisions.

The white goods market, which accounts for 22% of 2020 revenue, depends primarily on the renewal of household equipment. The small domestic appliance market remains strong, especially with regard to floor care (carpet sweepers and robots) and food processors. However, the innovation cycle has been weaker since 2019.

In 2020, the health crisis and the health restrictions imposed in the shape of lockdowns or curfews increased the amount of time spent at home. Consumers then realized the importance of wellbeing at home and of the use of home equipment, including large and small domestic appliances. As a result, almost all white goods categories grew in 2020.

Consumers pay attention to the services associated with these products (warranties), including the delivery and collection of equipment, particularly in the large goods sector.

The editorial products market, which represented 15% of revenue in 2020, depends on the publishing schedule for new items. In reality, the slowdown of this market is a sign of the changing times and the rise of the digital economy. The CD and DVD market has been in decline in recent years, which is pushing retailers to invent new modes of consumption for this segment. This poor performance has, nevertheless, been partially offset by strong sales in vinyl.

The book market is highly sensitive to in-store impulse purchases. In 2020, this segment was impacted by the drop in in-store footfall associated with the two-month closure of almost the whole of our store network and the measures imposed by governments to limit in-store traffic in order to contain the pandemic.

Gaming benefited from the releases of new PlayStation and Xbox consoles in November 2020, as well as the new Fifa 21 game. Furthermore, the health crisis also gave this category a major boost as a result of the lockdown periods and the increased time spent at home. The Group became market leader in this segment in 2020.

In recent years, the Group has accelerated its diversification in four major segments, Games & Toys, Urban Mobility, Kitchen and Wellbeing:

- the Games & Toys market is driven by board and family games;
- the rapidly growing Urban Mobility market is driven by manufacturers' innovation (electric bicycles, electric scooters, electric mopeds) and by public policies that seek to cut down on the use of cars in city centers (reducing pollution, noise and traffic in city centers, providing French government subsidies for the purchase of "green" modes of transport). The health crisis in 2020 promoted the use of alternatives to public transport such as bicycles, scooters and electrically assisted vehicles.

1.4.3 / A DIVERSIFIED PRODUCT AND SERVICES OFFERING

The Group proposes a balanced offering, built around product categories with complementary growth and margin profiles.

1.4.3.1 / Consumer electronics offering

Both the Fnac and Darty brands are leaders in the retail of consumer electronics, which includes photography, TV & video, sound, micro-computing, telephony and connected devices. In 2020, the Group generated consolidated revenue of €3,705.8 million from consumer electronics sales, representing 49% of its consolidated revenue.

The Group is at the core of the innovation strategy of its French and international suppliers, as it is well known for its expertise. On the one hand, customers appreciate the knowledge of the in-store salespeople and after-sales service and, on the other, suppliers recognize Fnac Darty as one of the retailers providing the best in-store sales experience.

To achieve its goal of putting products at the heart of its relationship with customers, the Group is developing partnerships with suppliers in order to offer its customers the best possible shopping experience.

In France, the Group is a major retailer of Apple products, and, for example, has entered into an agreement to set up dedicated Apple areas (shop-in-shop) in its Fnac stores. Under this agreement, Apple provides the merchandising for these areas and supplies and pays facilitators, who provide demonstrations but do not perform any sales-related tasks. The terms and conditions of the supply agreement entered into with Apple are similar to those of Fnac's agreements with its other suppliers.

The Group is also collaborating with Microsoft to set up dedicated areas in stores in order to promote the sale of Microsoft products. Under this arrangement, Fnac promotes Microsoft products in stores, mainly through Microsoft demonstrators and dedicated counters displaying Microsoft products, and on the fnac.com website. The Group also allows Microsoft to benefit from its customer loyalty program and to present its products in its publications.

This method of collaboration, which was extended to other strategic suppliers such as Google and Samsung, means that the suppliers bear the costs of merchandising or promotions at the point of sale. The Group signed an agreement with Google granting Fnac Darty exclusive distribution rights for the launch of its flagship product, the Google Home smart speaker, in all Fnac and Darty stores and on their websites. The offering is now available in dedicated spaces across all the Group's stores, including around 50 corners.

1.4.3.2 / Editorial products offering

Physical products offering

Editorial products include music, video, books and gaming products. In 2020, the Group generated consolidated revenues of €1,157.9 million from the sale of editorial products, representing almost 15% of its consolidated revenues. In France, Fnac is a trendsetter in its markets, with a rich and diverse editorial products catalog.

Fnac is the leading record store in France with a catalog of nearly 150,000 titles.

As the leading player in the video market, Fnac has almost 40,000 active video, DVD and Blu-Ray titles.

Fnac is the premier bookseller in France and offers the largest range in the market with more than 500,000 titles sold. In 2020, the Group sold nearly 45 million books in France.

In the gaming segment, Fnac has a catalog of 9,500 titles in France, including more than 3,000 second-hand video game titles. Thanks to an extensive product catalog and good product availability, in 2020 the Group became the leader in the Gaming sector in France.

Digital offerings

In order to keep pace with the digitalization of the book market, Fnac entered into a partnership with the Canadian company Kobo in September 2011 and now offers an innovative digital reading solution: Kobo by Fnac. Kobo's role is to provide and maintain the technology platform, provide the devices and develop applications, while Fnac is responsible for the cost of marketing and advertising in France. Both parties combine their platforms and share the income and the costs of adjusting and connecting the Kobo system to the fnac.com website interfaces.

In 2017, the Group finalized an exclusive strategic partnership with Deezer, offering all Fnac and Darty customers, in-store and online, a free three-month subscription to Deezer Premium+ when buying any audio product (speakers, headsets, etc.). Fnac+ cardholders can also take advantage of this offer. Furthermore, customers buying a CD, vinyl or who are Fnac members also benefit from an exclusive Deezer Premium+ subscription.

In 2018, the Group strengthened its partnership with Orange to promote the distribution of the latest digital book formats with a new range of audio books.

In 2019, in partnership with Kobo Writing Life, Fnac launched a print-on-demand service that will enable self-published digital authors to sell their books in eBook and paperback formats on fnac.com, and make them available to order in all Fnac stores.

In 2020, Fnac Darty consolidated its position as a leader in editorial product retailing. In the context of a health crisis marked by lockdowns and entailing the closure of all or part of the store network, the Group spearheaded two unprecedented campaigns to receive books free of charge in e-book format. During the first lockdown, Fnac made nearly 500 digital books available to readers free of charge. The campaign was repeated a second time in October 2020. These two campaigns helped to increase the number of new active web customers, and supported sales by creating a hive of activity on the Group's websites.

Fnac Darty was also a forerunner in the launch of livestreams in 2020, with around 40 sessions, offering Group members and customers the opportunity to interact with artists, writers and influencers on specific products. One example is a product presentation livestream organized for gaming aficionados, with the involvement of an acknowledged influencer who revealed to online users all the secrets of Microsoft's new generation of XBox consoles, officially launched in November 2020. The livestream technique thus allows consumers who are used to ordering online to get a clearer picture of new products and this generates traffic on the Group's websites.

Fnac Darty also digitized its cultural promotion with the launch of "La Claque by Fnac" last October, a new space designed as a digital experience where culture can be seen, heard, and read. In addition to these thousands of events across the territory, Fnac resolved to offer a new space for cultural expression and emotion, via original and digital formats. This new project aims to give as many people as possible free one-click access to rich content and cultural diversity, to find out about current events in music, literature, film, comics and the world of entertainment, as well as to discover emerging talents and (re)discover timeless artists.

1.4.3.3 / Domestic appliances product offering

White goods include small and large domestic appliances. Large domestic appliances include products such as refrigerators, washing machines and dishwashers. Small domestic appliances include kitchen appliances and accessories, such as microwave ovens, coffee makers and irons, in addition to beauty and health products such as hair dryers and electric razors. In 2020, the Group generated consolidated revenues of €1,637.3 million from the sale of domestic appliances, representing 22% of its consolidated revenues.

Sales of large domestic appliances are mainly to replace existing goods. The small domestic appliances segment is sensitive to the innovation cycle. At low points in the innovation cycle, sales in this segment are fiercely competitive, with the market being boosted further still by prices. In 2020, the increase in time spent at home and rising consumer awareness of the importance of using their domestic appliances, more active than ever before, led to strong sales momentum throughout the year.

Darty does not sell just the major brands; it also sells a number of its own brands and brands under license. When Darty sells a brand under license, the Group acquires the right to sell merchandise (manufactured exclusively for Darty) under the name of an independent manufacturer with an established brand image and reputation. Darty sells its own brands under the entry price model for all product ranges, while brands under license are generally sold at points of sale at mid-range prices. Darty's own brands are Proline (used across all product categories), Temium (used for accessories), IT works (used for multimedia), Okoia (used for personal care) and Aerian (used for treating air).

The Group is committed to manufacturing solid own-brand products by integrating corporate social responsibility criteria into the processes and documents that frame its supplier relations in order to guarantee the safety and satisfaction of its customers during their use of these products. To this end, and despite the constraints entailed by the health crisis which hampered the Group's performance of these audits in the first half of 2020, Fnac Darty carried out a total of 97 audits over the year of factories manufacturing own-brand products for the Group, based primarily in China. 97 points are checked during factory audits, including 25 points relating to social and environmental issues. The number of "unscheduled" audits was also increased in 2020. All the actions put in place are outlined in section 2.5.3.3.1 of Chapter 2 "Mitigation of risks associated with sourcing from Asia" of this Universal Registration Document.

1.4.3.4 / Other products and services

The Group has also continued its efforts to enrich its products and services offering. In 2020, other products and services accounted for some 13% of the Group's consolidated revenue.

A / Services and subscriptions

After-sales service

The Group's after-sales service is centralized and is delivered through four after-sales service workshops, one central spare parts warehouse and more than 100 technical centers in France.

Darty is the leader in France in after-sales service. The brand offers an in-store repair and support service at designated counters and workshops that provide customers with immediate repairs, rather than sending the products to a repair center. At the end of 2020, the Group had 16 Darty service areas.

To promote its services in the stores, Fnac has created dedicated "Service Area" sections where customers can get advice on after-sales service, home delivery, warranties or at-home training.

Darty also launched an innovative and unique offering called the "Darty Button". It was developed with the addition of video technology, allowing customers to use their smartphones to have a video chat with a customer service agent and to speak with the agent by telephone, which in turn makes it easier for Darty personnel to identify the issue. Fnac also offers multimedia assistance over the phone, available seven days a week.

Furthermore, both brands offer in-store or at-home training services, and installation of equipment at home.

Darty is staying ahead of the market trend by becoming a smart home operator, to keep pace with new consumer behaviors that view connected devices as central to their daily lives. Darty is thus offering dedicated services to enhance all of its after-sales services.

In 2018, the Group expanded its after-sales service offering with the launch of the sav.darty.com platform. The site shares information about repairs to allow customers to benefit from Fnac Darty's expertise and prolong the life span of their products. This activity is central to the Group's responsible business model. The acquisition of WeFix in October 2018, a French leader in express smartphone repair, is also intended to position Fnac Darty as a leading player in smartphone repair and associated services, while offering an enriched ecosystem to customers.

Finally, in late 2019, Darty launched a brand new subscription-based repair service aimed at extending the life span of large domestic appliances. Named Darty Max, this service is available from all of Darty's integrated and franchised stores across France. This service represents another step towards the transformation of the Fnac Darty economic model. The Group firmly believes that a more circular economy creates jobs and value, and it is more committed than ever to extending the life span of products.

Lastly, in 2020, in addition to its commitment to ensure the health and safety of its employees, partners and customers, one of the Group's priorities was to ensure the continuity of its services, in particular after-sales activities, and to respond to consumers' urgent need to have functional equipment so they could work from home and homeschool their children. In this respect, Fnac Darty was the only player in its sector in France to continue its home-based after-sales service activities during both lockdowns, with priority given to working with vulnerable, elderly customers, and hospital staff. The Group recorded strong growth in after-sales repair flows, particularly in the Paris region in 2020.

The Group is seeking to extend its action on product sustainability in other countries where it operates. In tandem with the roll-out of Darty Max, which continued this year resulting in around 200,000 subscribers by the end of 2020, the Group recently launched the Vanden Borre Life subscription in Belgium, which lets customers have their major appliances repaired or replaced when repair is no longer possible, for €12.99 per month. This offering was rolled out across all 72 of the Group's Vanden Borre stores at the beginning of 2021.

Financing

Fnac offers several financing solutions in partnership with Crédit Agricole Consumer Finance. Through its Mastercard credit card launched in May 2017, Fnac gives customers the option of postponing payment, at no charge, for up to two months after the purchase date, and financing options enabling costs to be spread over several monthly installments. All payments made with the card at Fnac or elsewhere earn cardholders Fnac loyalty program points and allow them to benefit from brand gift cards.

Darty also offers financing solutions and installment payments. The brand offers a Darty Visa card, which – beyond simply financing a purchase – allows customers to earn gift cards for use with future purchases and other benefits such as free subscription to the "Darty Button" connected service offering, access to special product offerings, VIP shopping nights, flexible financing offers and credit free of charge.

Subscriptions

Darty is developing an array of initiatives in the subscriptions market. In order to round out the sale of computers, telephones and televisions – segments in which it is present – Darty is positioning itself as an intermediary by offering internet and telephony subscriptions (in partnership with Bouygues Telecom), and Canal+ subscriptions. The brand also offers energy plans (electricity and gas) in partnership with Engie, Total Direct Énergie and Sowee. Darty also offers subscriptions on consumables, such as Instant Ink with HP or the Nespresso subscription, which lets customers purchase a machine for €1, and schedules a monthly credit to purchase capsules. Finally, Darty Max, a subscription service from Darty launched in October 2019, provides cover for repairs and assistance for all large domestic appliances, whether or not they were purchased from Darty, for a minimum of 7 years and for as long as spare parts are available, i.e. up to 15 years.

Fnac, meanwhile, successfully rolled out Free terminals in the majority of its stores in 2020, enabling Fnac customers to take out a cellphone or Box subscription in-store.

The two brands also offer their customers the "Serenity Pack" via subscription (single or dual version), which incorporates an unlimited cloud solution, antivirus software, a password manager, and an optional exclusive offer on Microsoft's Office Pack. This subscription was extremely popular in 2020, in line with the strong momentum for purchasing equipment to allow remote working.

Finally, in 2020 the Group also launched the *Xbox all access* subscription, offering access to an Xbox Series X or Xbox Series S, and 24 months of Xbox Game Pass Ultimate, with more than 100 amazing games and an EA Play subscription, starting from €24.99 per month for 24 months. There was a very strong take-up rate, confirming the growing shift towards the digitalization of gaming.

As a result, the Group currently manages a network of 11 million active subscribers through its loyalty program or existing services such as its serenity pack.

Rental

In 2018, Fnac Darty continued to develop its rental offering, specifically by offering a combined service for the long-term lease of electronic items for both brands, which includes after-sales services for the entire duration of the agreement. Drawing on the Group's omnichannel model, the geographical coverage of stores and the expertise of Fnac Darty salespeople, a flexible and innovative subscription model has been put in place, enabling a salesperson with a dedicated tablet to sign customers up for this service in store in just 10 minutes. Smartphones, tablets and computers can be leased for three different durations – 12, 24, and 36 months – for monthly payments starting at less than €8 per month (after an initial higher rental payment). Breakdown cover is also included.

Insurance and warranty

Both brands sell warranty extensions in addition to the free manufacturer's warranty. Depending on the type of product in question, the extended warranty service enables the customer to have their appliance repaired or be paid the full replacement value, for a specified period of up to five years. Finally, the banners offer insurance policies for damage/theft and loss of telephony and multimedia devices that can be combined with service packs for even greater speed, added peace-of-mind and enhanced benefits.

B / Fees

Marketplace

Marketplaces, which are intermediary platforms linking buyers and sellers, support the brand's online strategy by increasing the depth of the product range available on the sites and the number of items available to online shoppers. This helps increase the website's traffic and visibility and contributes to customer loyalty. As such, more than 30 million products are available through the Group's Marketplaces.

The revenues generated by Fnac Darty come from a percentage of the commissions taken by the Group on sales made by Marketplace sellers.

The platforms allow more than 4,000 professional sellers and several hundred thousand private sellers, who meet Fnac and Darty's service quality criteria and are managed by dedicated teams, to be listed and to use the website as a sales interface, making the most of the banners' visibility, reputation and transaction security in all the countries in which the Group operates.

Fnac Darty aims to retain its status as a specialist banner by using filters to create categories of listed products. The Group monitors the Net Promoting Score (NPS) of all its resellers to ensure the quality of its Marketplace is maintained.

The Group is committed to selecting responsible resellers on its Marketplace. This is to ensure the security of transactions and help fight money laundering and the financing of terrorism, in accordance with the ACPR (French Prudential Supervision and Resolution Authority). All the actions put in place are outlined in section 2.5.3.3.2 of Chapter 2 "Mitigation of risks associated with the Marketplace" of this Universal Registration Document.

Franchise

The Group favors expansion through franchising. This is an asset-light model that enables the Company to benefit from the operating know-how of partners and their knowledge of the local market. This operating model limits investment costs while furthering the goal of rapidly increasing Fnac Darty's visibility. The franchisee then pays a fee for the use of the brand's distinctive features based on a percentage of revenues at the relevant sales point, and must comply with strict rules to maintain the brand's integrity in the eyes of consumers.

At the end of 2020, Fnac Darty had 344 stores operating as franchises. The Group's strong presence across regions, through its large network of stores, contributes to the local, social and cultural economy by creating jobs and widening access to culture for as many people as possible.

C / Customer loyalty

Membership cards

The Fnac Darty customer loyalty program is designed as a customer loyalty and retention tool that also allows the Group to carry out better-targeted and more effective sales promotions. Members represent an asset that provides the banner with a high level of differentiation. They visit the store four times more often than other customers, and on average spend twice as much in store as non-members.

As a consequence, in addition to its classic membership card, in 2016 Fnac successfully launched a premium membership service with its "Fnac+" loyalty card for €49 per year, which included unlimited access to all delivery services along with the benefits of the membership program. Darty+ was launched in October 2017 offering unlimited delivery for both brands, including two-hour delivery from the nearest store, as well as priority unlimited daily technical support with the "Darty Button". Darty+ customers can also benefit from exclusive rates for a breakdown service for all their devices not covered by a Darty warranty. Finally, the Nature & Découvertes loyalty card, which was launched in 2007 and currently has more than a million members, provides holders with special offers, two-year warranty extensions on certain products, free delivery once a year, and gift vouchers.

In 2020, the Fnac Darty Group revamped its loyalty program with the launch of the new Fnac+ card, which aims to support the digitalization of its customers' purchasing trends, offering them an enhanced cross-brand experience. Thanks to this new card, Fnac customers can enjoy numerous benefits (discounts, private sales, etc.) and free delivery to Fnac and Darty stores. Since the concept of accessibility for as many people as possible has always been a driving force for the Group, the new Fnac+ card is priced at €9.99 for the first year, and at €14.99 thereafter. As another new feature, to help enhance the synergy between the two brands, this new card gives all members the option of joining the Fnac and Darty shared balance program, allowing them to accumulate and spend gift vouchers across both brands.

To complement the new Fnac+ card, the Fnac One status, launched in 2009, is awarded to our most loyal customers and provides several benefits in addition to the Fnac card. These include: year-round unlimited standard home delivery from €15 per purchase, VIP evenings in-store and invitations to cultural events, dedicated customer service, and a "personal shopper" service by appointment, as well as access to a priority checkout.

At the end of December 2020, Fnac Darty boasted a substantial membership base of 10 million members in total, including 7 million in France. The number of members more than doubled over the 2010-2020 period. Every year, Fnac Darty works on expanding its loyalty programs and its membership base, ensuring a real competitive advantage for the Group.

In 2020, the Group welcomed more than 5 million new active web customers, while more than 1.3 million new Fnac+ members signed up during the year. At the end of 2020, Fnac+ and Darty+ had almost 2.3 million members.

D / Other activities

Kitchen

In 2007, Darty opened its first in-store space dedicated to Kitchen. Darty's Kitchen offering complements its white-goods offering and allows it to capitalize on the Group's expertise and brand image. The roll-out accelerated in 2020 with the opening of 8 new spaces in France. At the end of 2020, the Group had more than 165 Kitchen points of sale, including 19 stores dedicated exclusively to this offering.

Ticketing

Fnac also provides customers with a ticketing and box office offering via the company France Billet (B2C sector), which is the leading French ticketing and box office seller for shows and events, and the companies Tick&Live and Eazieer (B2B sector).

France Billet operates white label ticketing sites for Fnac (meaning the sites use solutions and resources provided by Fnac without mentioning its name) and has long-term partnerships with major distribution brands for which it manages Ticketing retail solutions.

In terms of the B2B sector, the France Billet subsidiary Tick&Live (merger of Datasport and Kyro), which is co-owned with the Fimalac group, provides venues and event coordinators with a complete ticketing solution, and provides ticketing management for sporting events.

In 2019, Fnac Darty, through its subsidiary France Billet, purchased 100% of Billetreduc.com, a leading player in "last-minute" event ticketing in France, allowing the Group to reinforce its ticketing offering in France, in a changing market. At the same time, Fnac Darty finalized the strategic partnership between France Billet and the CTS Eventim Group, the European leader in the ticketing sector. This partnership allows France Billet to accelerate the development of its digital platform and enrich its value proposition towards its customers and partners. CTS Eventim will incorporate the retail of tickets for events and shows in France within its offering. This strategic partnership also involves France Billet acquiring a 100% stake in the equity of CTS Eventim France. CTS Eventim will also acquire a 48% minority stake in the equity of France Billet, and this subsidiary will remain under Fnac Darty's control.

Ticketing activity was heavily penalized in 2020 due to the restrictive measures affecting the entertainment industry. To date, the Group does not anticipate a return to business-as-usual until the second half of 2021 at the earliest.

At the same time, and to offset the shutdown of the entertainment industry due to the current health crisis, the Group continued its actions to support the world of culture. In this respect, Fnac launched La Claque, a new online digital platform designed to digitize the cultural offer and maintain the concept of a direct relationship between the public and artists, free of charge. This innovative initiative aims to strengthen the Group's position as a mover-and-shaker in the cultural sphere, despite the challenging climate affecting this industry.

Games & Toys

Since November 2011, Fnac has been developing sections devoted to 0-12 year-olds within its stores, called "Fnac Kids". These sections create a single area for toys, games, books, DVDs, CDs, consumer electronics and gaming products for children, and have a special layout built around accommodating very young children.

Stationery

To complement its book offering, the brand has also created dedicated Stationery spaces built around premium brands across the whole of its Fnac store network.

Urban Mobility

Since 2017, Fnac Darty has made a significant contribution to developing the market for scooters and hoverboards, in particular.

In 2019, Fnac Darty strengthened its positioning in the scooters segment by extending the scope of its strategic partnership with Xiaomi from smartphones to the exclusive distribution of its latest electric scooter, the MI Electric Scooter Pro. In addition, the Group opened a 50 m^2 shop-in-shop dedicated to Xiaomi products within Fnac Montparnasse in Paris.

At the end of 2019, the Group also extended its offering by marketing electric bicycles. The Group offers an immediate repair service for electric scooters on the customer's premises.

In November 2019, Fnac Darty strengthened its positioning in the market for new electric means of transport by marketing electric bicycles. The Group now sells Velair electric bicycles. Currently, 43 Darty stores in France and all Fnac stores offer various models of Velair bikes, with direct delivery to the customer within two to three days. Finally, in December 2019, the Fnac brand strengthened its positioning in the market for new electric means of transport by marketing electric bicycles. The Group signed an exclusive partnership agreement with Angell Bike to market its Angell electric bicycle in 2020.

In 2020, Fnac Darty capitalized on its exclusive high-end positioning in the urban mobility segment. Following the success of its partnership with Xiaomi for the exclusive sale of its electric scooter, the Group entered into an exclusive distribution agreement to sell Xiaomi's folding electric bicycle. This partnership complements the distribution agreement signed with Angell Bike for the electric-assisted bike, and the marketing agreement with Peugeot Cycles for two electric-assisted bikes from the iconic brand with the lion: the "Legend" eLC01 urban bike with a neo-retro look, and the eT01 multi-purpose trekking bike. Fnac Darty also expanded its offering in the urban mobility segment, signing a unique partnership with Citroën to exclusively market the Ami, the Citroën's fully electric mobility solution, in 39 Fnac and Darty stores. Finally, and more recently, Fnac Darty completed its innovative offer by entering into a partnership with Red Electric for the distribution of the new Model E scooter, 100% electric and 100% French, in 30 Group stores. In tandem, Fnac Darty expanded its service offer by partnering with Cyclofix, the French leader in micromobility maintenance to provide consumers with a complete mobility ecosystem, offering customers an immediate repair service for electric scooters and bikes in Fnac and Darty retail stores. This partnership is fully aligned with the Group's commitment to extending the lifespan of its products.

Wellbeing

The consolidation of Nature & Découvertes into Fnac Darty in August 2019 enables the Group to strengthen its product offering in the Wellbeing and Natural Products sectors, both of which are becoming increasingly important for consumers.

1.4.4 / GEOGRAPHICAL BREAKDOWN

The Group benefits from the complementarity of the network of its three principal brands in France – Fnac, Darty and Nature & Découvertes – with stores in different formats based in city centers, shopping malls, retail parks outside of large cities, as well as in train stations and airports, in order to adapt to the traffic in each area served. The Group also has six Proxi Darty outlets in System U hypermarkets, three Proxi Darty outlets in Intermarché stores, and one Fnac shop-in-shop within an Intermarché store, along with the 23 Proxi Fnac outlets in Intermarché shopping malls. Finally, in November 2018 Fnac Darty opened two Darty shop-in-shops in the Carrefour hypermarkets of Ville-du-Bois and Limoges. At the same time, the Group entered into a partnership in Switzerland with Manor to test four Fnac shop-in-shops opened in November 2020. Following this pilot phase, the partnership could be rolled out to other Manor stores during 2021. This partnership would allow both companies to strengthen their respective positions in the Swiss market. At the same time, the Group continued to diversify its offering in Switzerland in 2020, with the continued roll-out of corners dedicated to small domestic appliances in.

The Group's international exposure stretches across 10 countries, mainly in Europe.

The Group can rely on the complementarity between Fnac and Darty in France and Belgium (through the Vanden Borre brand), as well as the local presence of Fnac in the Iberian Peninsula.

The Fnac, Darty and Nature & Découvertes brands conduct their business through a network of physical stores and e-commerce websites, making the Group a click & mortar retailer. Within each country, the stores under each brand are laid out according to an identical format and market the same range of products, subject to local market adaptations.

2020 was the year the Group withdrew from the Netherlands market. Following the announcement in January 2020 that it was looking for a partner to withdraw from the Netherlands, in Q4 2020 the Group finalized the sale of 100% of its Dutch subsidiary BCC to Mirage Retail Group, demonstrating once again its timeliness within the context of an unprecedented health crisis. Mirage Retail Group has real experience in retail in the Netherlands and specializes in recovery strategies, combining its in-depth knowledge and experience in retail, real estate and logistics to drive forward-looking brands with high profit potential. Fnac Darty is convinced that this proposed transaction will enable BCC to benefit from the right support to successfully perform on its market.

1.4.4.1 / Presence in France-Switzerland

The Group has a network of 751 stores in the France-Switzerland region, 339 of which were operated as franchises at the end of 2020.

The Fnac banner has 222 stores, while Darty has 432 stores and Nature & Découvertes [(1)] has 96 stores. The store network expanded last year with the opening of 33 stores over the period, including 27 operated as franchises (17 Darty franchises and 10 Fnac franchises in mainland France and the overseas departments and territories, including eight Proximity Fnac stores, and two Fnac Travel retail stores). The first Fnac Darty store was also opened in 2017. Managed from France, the Fnac brand also developed franchises in other international markets such as the Congo, Cameroon, Morocco, Ivory Coast, Tunisia and Qatar.

In late 2020, Fnac Darty launched a test phase with Manor lasting several months, for the roll-out of shop-in-shops in Switzerland. Following this pilot phase in the first four stores, the partnership could be rolled out to other Manor stores from 2021 onwards. This partnership would allow both companies to strengthen their respective positions in the Swiss market. At the same time, the Group continued to diversify its offering in Switzerland, with the continued roll-out of corners dedicated to small domestic appliances in 2020.

The Group welcomed nearly 124 million visits to the country's Fnac and Darty stores despite numerous health restrictions (lockdown/limits on in-store traffic) that hindered footfall in 2020. Conversely, these measures led to an explosion of traffic on digital platforms. As a result, Fnac Darty became the leading e-commerce player in France in terms of the average number of unique visitors per month [(2)], ahead of pure players.

The Fnac Switzerland subsidiary successfully launched its own e-commerce site in 2016.

Key figures	2018	2019	2020*
Revenue	€5,835.2 million	€6,030.7 million	€6,227.9 million
COI	€263.3 million	€256.7 million	€193.8 million
Operating margin	4.5%	4.3%	3.1%

* *2020 was marked by an unprecedented crisis that impacted the gross margin rate and the operating margin for the France and Switzerland zone.*

1.4.4.2 / Presence in the Iberian Peninsula

At the end of December 2020, the Group had a network of 72 Fnac stores in the Iberian Peninsula and had opened one new integrated store in Spain and one in Portugal.

The Covid crisis and accompanying health restrictions had a major impact on in-store traffic in 2020. As result, the Group received over 39 million in-store visits in 2020. Both the Fnac Spain and Fnac Portugal subsidiaries have an e-commerce website (fnac.es and fnac.pt).

The first Nature & Découvertes store in Spain opened in 2019, in the form of a shop-in-shop in a Fnac store in Barcelona.

Key figures	2018	2019	2020*
Revenue	€703.1 million	€722.3 million	€653.8 million
COI	€25.4 million	€25.0 million	€8.4 million
Operating margin	3.6%	3.5%	1.3%

* *2020 was marked by an unprecedented crisis that impacted the gross margin rate and the operating margin for the Iberian Peninsula.*

(1) Including four stores in Belgium, one store in Luxembourg and seven franchises in Switzerland.
(2) Fevad/Mediamétrie, 2020, total for Fnac and Darty combined.

1.4.4.3 / Presence in Belgium-Luxembourg

At the end of 2020, the Group had a network of 85 stores under the Fnac and Vanden Borre brands in Belgium and Fnac in Luxembourg. The Group opened its first Fnac store in Luxembourg in November 2019.

Diversification also remains a development factor in Belgium, where the roll-out of corners dedicated to small domestic appliances continued in 2020.

The Group recorded more than 12 million in-store visits in the region in 2020, and each brand has its own website.

Key figures	2018	2019	2020*
Revenue	€593.6 million	€595.6 million	€608.9 million
COI	€15.0 million	€11.6 million	€13.1 million
Operating margin	2.5%	1.9%	2.2%

* *2020 was marked by an unprecedented health crisis. Despite this challenging environment, the Group recorded growth in its sales and operating margin compared to the previous year.*

1.5 / Group strategy and objectives: a new Everyday strategic plan

The merger of Fnac and Darty in 2016 allowed the Group to build a leading position in its markets. At the end of 2017, the Group launched its Confiance+ strategic plan, which allowed it to create the omnichannel platform that is its driving force today, by drawing on two pillars: an enriched Fnac Darty ecosystem and an open omnichannel platform.

In February 2021, the Group launched its new Everyday strategic plan for 2025. The new strategic plan builds on the performance of its omnichannel model, strengthened by the previous strategic plan, Confiance+, and tried and tested by the Covid crisis.

The Group's aim, in its day-to-day work and for the long haul, is to be the key ally for consumers, helping them to be sustainable in their consumption habits and daily household tasks.

The new strategic project bolsters the roll-out of the Group's mission, which is to "commit to providing an educated choice and sustainable consumption" to its customers.

The implementation of Everyday is based on three ambitions that are to be achieved by 2025, as detailed below.

1.5.1 / EMBODYING NEW STANDARDS FOR SUCCESSFUL DIGITAL AND HUMAN OMNICHANNEL RETAIL IN THE FUTURE

Omnichannel retail will be digitalized by improving the performance of sites with a web experience that is increasingly immersive, efficient, and fueled by artificial intelligence. As a result, over 50% of the Group's investment budget for the period of the plan will be devoted to supporting digital growth, particularly to modernizing and mechanizing the logistics platform.

Omnichannel retail will be humanized by showcasing the spirit of stores on the web and by investing in the expertise of the sales team.

Fnac Darty intends to put the advisory role of its salespeople at the heart of the customer's digital experience, with the aim of building an ever more personalized relationship of trust with consumers on these channels. Chats and video calls with salespeople, livestreaming and live shopping hosted by experts, and content on culture and entertainment recommendations on its platform La Claque Fnac will all strengthen online interactions with customers.

Advice and digitalization will be increased at all levels – the Group plans to invest in training its employees on how to showcase their expertise on digital and social networks. In order to improve the in-store experience, ‘welcomers’ will retain a key role and the IT resources available to sales experts will be boosted to provide a response tailored to every in-store customer (order pick-up, after-sales service, repair needs, specific search, etc.). In doing so, Fnac Darty is enhancing its role of providing the customer with well-informed, independent advice appropriate to their uses and needs.

The Group is of the firm belief that stores are the cornerstone of this new retail. 100% of our integrated stores will therefore be profitable by 2025, with the specific challenges of each store being addressed and promising new formats such as the kitchen or small proximity formats being developed.

The purpose of all these initiatives is for at least 30% of the Group’s revenue to be generated online by 2025, including half in omnichannel thanks to the proven success of click&collect, which reflects the complementary nature of in-store and online. These channels will be the best showcase for the Fnac Darty range of products and services—a high-value offering that is itself committed while also engaging others—and has strong aspirations in the territories we are penetrating, such as the large appliances and urban mobility markets.

In this way, the Group will be at its customers’ side every day, in-store and on the web, to help them make educated choices, backed by the expertise of its 12,000 sales people.

1.5.2 / HELPING CONSUMERS ADOPT SUSTAINABLE PRACTICES

Fnac Darty is a committed group aware of the challenges relating to the future of our planet. This commitment will be even more visible with Everyday.

The product offering will trend toward more sustainable products, with Marketplace products and partners that do not meet the sustainability criteria being possibly delisted, and the huge expansion of the second-life service and the option to return used products as part of a circular economy strategy.

Customer choices will be geared toward more sustainable products thanks to sustainability scores, which will be visible both online and in-store and is expected to reach 135 by 2025 (compared to 95 in 2018). These scores are based on our after-sales repair database – the only one on the market – which rates products on their reliability and the availability of spare parts. It is a unique and independent indicator created by Fnac Darty, which weights the volumes of each product sold in the year of the sustainability score.

Lastly, services that enable customers to ‘use better to consume better’ and to repair products more often will be strengthened (sale of spare parts, express repair of smartphones, WeFix, Darty Max, repair communities, and so on), with the goal of having 2.5 million products repaired each year by 2025 (or +50% compared to 2019).

We will therefore support customers in their educated and socially responsible approach to consumption, allowing them to take advantage of the best that technology and entertainment has to offer, while at the same time consuming in a sustainable way.

1.5.3 / ROLLING OUT THE BENCHMARK SUBSCRIPTION-BASED HOME ASSISTANCE SERVICE

Fnac Darty’s ambition is to become the leading provider of home assistance services, in the form of a subscription-based repair service, with no limit or commitment, that extends the lifespan of products.

The Group laid the foundations for this service for large domestic appliances with the launch of Darty Max at the end of 2019, and will capitalize on its success, with more than 200,000 subscribers in France already, and the launch of Vanden Borre Life in Belgium in early 2021. With Everyday, Fnac Darty’s ambition is to expand this repair and assistance service to the entire home environment, while extending the options for selling the service via new distribution channels – for example, a new distribution partnership with Sofinco will soon allow for more widespread distribution of Darty Max, and for the joint development of a free credit offering for sustainable consumer products.

Darty Max is really shaking up the way services are provided and sold. It gives customers peace of mind while maintaining a sustainable approach. For Fnac Darty, a new subscription-based business model, with recurring cash flows, allows us to consolidate a high-quality long-term relationship with our customers and works to extend the lifespan of products.

To make it a success, the Group will rely in particular on its in-depth knowledge of services, benefit from its unrivaled distribution network, capitalize on its ability to carry out high-quality repairs directly, and take advantage of its expertise in subscription management – an area honed by the Group's current total of 11 million active subscribers. As such, Fnac Darty aims to have over 2 million Darty Max subscribers by 2025.

This new home assistance service makes Fnac Darty an absolute must for customers, as it builds a relationship of trust on a day-to-day basis and massively expands its repair service.

With its innovative approach to service and sustainability, Everyday is revolutionizing the world of retail for the benefit of consumers and the planet, while accelerating the roll-out of the omnichannel model.

These three ambitions will enable the Group to generate profitable growth alongside recurring cash generation.

1.5.4 / FINANCIAL OUTLOOK AND MID-TERM AMBITIONS

Against the backdrop of the 2020 Covid crisis, the end of which still remains uncertain, fulfillment of the various objectives listed below relies on the following assumptions: no new prolonged lockdown periods or store closures, no significant break in the supply chain, and no lasting downturn in consumer confidence levels.

With Everyday, Fnac Darty aims to:

- increase its revenue, which will come primarily from accelerated growth in online sales and continued opportunities for expansion in growth markets;
- increase its gross margin mainly via the subscription-based service sales model, which is a significant margin generator and will more than offset the dilutive effects of the less favorable product/service mix sold online and the expansion of the franchise;
- continue its program to reduce operating costs, which will more than make up for the effects of inflation each year;
- maintain its annual investment expenses at a normal level of around €120 million, excluding one-off investments of around €40 million for modernizing and upgrading logistics equipment, which will impact the first few years of the plan.

The purpose of the various strategic drivers of the Everyday plan implemented by the Group is to increase recurring cash generation with the following objectives:

- aggregate free cash-flow from operations [(1)] of around €500 million over the 2021-2023 period;
- free cash flow from operations [(1)] of at least €240 million each year, starting in 2025.

Over the 2020-2023 period, the Group is expected to generate close to €700 million in aggregate free cash-flow from operations [(1)], in a period that includes two years impacted by the Covid crisis.

This growth in cash generation, along with a level of debt that will remain controlled and sustainable for the Company over the long term, with maximum leverage of 2.0× [(2)], will enable it to finance its activity through external growth operations and ensure a regular return to shareholders.

Starting from this year, the Group is reactivating its policy of giving a return to shareholders and is aiming for a distribution rate of at least 30% in the medium term. The Group therefore proposes to distribute, in 2021, a dividend of €1 per share for 2020 [(3)], with the aim of increasing this amount to €1.50 per share as early as the following year.

Lastly and additionally, the Group will take the opportunity each year to look at the possibility of making an additional distribution to shareholders in the form of an exceptional dividend or share buyback, after financing any external growth operations and paying the ordinary dividend.

(1) Excluding IFRS 16.
(2) Ratio (net debt/EBITDA) excluding IFRS 16 which will be assessed at the end of June each year.
(3) Proposal submitted to a vote at the General Meeting on May 27, 2021.

1.6 / Innovation, a Group priority

Fnac Darty prioritizes innovation and stepped up its efforts in 2019, focusing on six strategic areas: streamlining its online and mobile pathways, optimizing its data processing, revamping the in-store experience, making best use of its omnichannel tools, modernizing its technology and improving its working methods.

To achieve this, the Group took an open innovation approach to building partnerships with VC funds and French Tech, to identify the best start-ups offering new ways of approaching the physical and digital customer experience and omnichannel services. A French Tech tour was carried out at the beginning of 2020. The Group uses a Start-up Relationship Manager (SURM) tool to manage its relationships with start-ups and provide them with the best possible support.

Innovation is driven from the highest echelons at Fnac Darty. Set up in 2019, a monthly Innovation Committee, consisting of 60 innovation ambassadors representing all the business lines, is tasked with steering the Group's innovative approach and approving the projects to be trialed. The Chief Executive Officer acts as Chairman of this committee. The Open Innovation approach is put to good use in the business lines, with projects in 2020 focusing on digital challenges and the ability to scale up rapidly.

The Group intends to continue developing its digital strategy over the next few years by making digital operations central to its omnichannel platform. The Group will therefore be developing all its digital assets in order to offer customers an unrivaled, streamlined user experience both online and in-store, providing unique value to its partners. The Group has therefore increased its level of investment in digital technology so as to be able to offer the highest standard of e-commerce and to maintain its leading position. By way of illustration, chatbots are used extensively in call centers.

The increasing personalization of products and content, which Fnac and Darty have been involved in for several years, constitutes an indispensable asset, as it offers users a buying experience that is tailored to their needs. The relevance of the customer offering, which is optimized via the analysis of a set of data using innovative marketing tools, serves to steer traffic onto the Group's websites. Since 2018, the Group has built its own personalization algorithms using Google Cloud, enabling it to offer customers targeted recommendations based on their buying behavior. More recently, the Group has been developing a presence on the new media used by its customers, such as the WhatsApp messaging tool.

In 2020, the Group developed several initiatives to highlight the expertise of its salespeople on its sites, via the first livestreams, which proved a success, or via a sales chat feature enabling customers to chat to a salesperson in real time via their computer or cell phone.

The omnichannel approach is also central to customers' buying experiences. Enhanced with new services that are real competitive advantages for the Group, the buying experience has been simplified. In this respect, the continued roll-out of Pay & Go, an innovative solution that allows customers to pay directly in-store using their cell phones, without going to the counter, and the extension of "click&collect 1H" to editorial products in all Fnac stores in France, allows customers to benefit from a streamlined omnichannel buying experience. The Group also continued to digitize its stores in 2020, with some 370 stores digitized at the end of the year.

The Group also intends to support new trends in the buying experience and is extending its digitization strategy to its entire store network. Therefore, the customer buying experience will be enhanced by having the entire digital offering available in-store, through the use of optimized seller equipment. This will make a very wide range of products available to customers, who can also take advantage of various home or in-store delivery services. The Group has partnered with Fujitsu to install book search terminals in its Fnac stores, to facilitate in-store customer searches.

The Group's ambition is to position itself in innovative, promising segments, such as urban mobility, in which the Group had a strong position in 2020, via the exclusive retail launch of Citroën's Ami de Citroën electric car.

Finally, the Group wants to adopt an advanced Data strategy enabling it to anchor data governance, to boost and accelerate the use of data (search engine optimization, effectiveness of promotions, prioritization of after-sales service operations, and so on).

1.7 / Store network and proprietary real estate

1.7.1 / STORE NETWORK

As its geographical coverage is a major asset of its omnichannel platform, the Group plans to continue expanding its development across various formats, primarily through franchises. This operating model limits investment costs while furthering the goal of rapidly increasing Fnac Darty's visibility. The franchisee pays a fee for the use of the brand's distinctive features based on a percentage of revenues at the relevant sales point. There were 344 stores operating under this model at the end of 2020.

With a network of 908 stores, and thanks to the continuous development of its store network, 90% of French consumers now have a Fnac or Darty store less than 15 minutes from their home.

Fnac stores, which were traditionally developed for city center locations, have been adapted to suit the shopping needs of suburban areas (with a broader range of consumer electronics, more self-service resources and more entry-level products). In Fnac stores with more than 2,000 m^2 of retail space, customers are offered a high number of products within a wide range of increasingly diverse product categories. These stores also have enough space to install dedicated corners for premium brands such as Devialet or Samsung.

Fnac is also developing new store formats, aimed at diversifying its offering and adjusting to changing consumer trends. These new formats are:

- the Travel format (railway stations, airports and duty-free areas), with 31 stores at the end of 2020, including 29 in France. The brand has signed a strategic partnership with Lagardère Travel Retail via Aelia and MRW to develop Travel retail stores in France under a franchise operation;
- the Proximity format, with 84 stores at the end of 2020. During this year, the Group opened 9 stores (including 8 in France) and was able to capitalize on partnerships concluded with Intermarché and Vindemia for the Proximity format; and
- the Connect format (dedicated to telephony and connected objects), with 18 stores at the end of 2020 in France and abroad. For this new concept, Fnac received the prestigious Janus Award in the Business category from the French Institute of Design. This concept benefited from the partnership signed in 2018 with Bouygues Telecom for the distribution of Bouygues Telecom's offers.

These smaller-format stores strengthen the Group's omnichannel operations by offering complete access to the catalog online, thereby allowing customers to benefit from a wide choice of products and the vendors' expertise in those products.

At the end of 2020, Fnac had 307 stores in total, including 222 stores in France [1]. Fnac opened 13 stores in 2020 (compared with 38 in 2019), 3 of which were outside of France.

In France, Darty stores are mostly located in highly populated areas and have a strong presence within or are situated close to large cities, such as Paris, Lyon and Marseille. The other Darty stores are generally situated outside of big cities, in shopping malls and retail parks. In order to extend its presence to less populated French regions, particularly those with fewer than 100,000 inhabitants, Darty has also set up a franchise network. This network has allowed it to expand its store network with limited investment and to reach small catchment areas where a classic large-format store would be too expensive to operate. The first franchise store opened in March 2014. Darty opened 21 stores in 2020, all in France (17 franchises and 4 directly owned).

Nature & Découvertes operates across a network of 96 stores, the majority of which (84 stores) are in France. The brand operates all of these stores, with the exception of seven Swiss stores, which are operated by Payot under a franchise agreement. In addition, Nature & Découvertes has opened six shop-in-shops in Fnac stores since it was bought by Fnac Darty, including two in France in 2020, which has enabled it to expand its store network at a limited cost and to reach a new audience, particularly a first shop-in-shop in Spain in 2019, representing a new market for the brand. The three Nature & Découvertes stores in Germany were closed in 2020, in order to reposition the brand in its key markets. Nature & Découvertes will rely on the Group's existing operational capabilities to continue increasing its geographical coverage and to expand, primarily in France.

Finally, the Group acquired WeFix, the French leader in express smartphone repair, in October 2018. With more than 22,000 repairs per month and more than 400 employees, WeFix operates a network of 117 points of sale including 68 corners, 8 stores, and 41 shop-in-shops, all of which are in France. In 2020, WeFix opened 21 new points of sale, 11 of them during Q4 2020.

(1) Including 12 stores outside France: 2 in Tunisia, 3 in Morocco, 1 in Congo, 1 in Cameroon, 2 in Ivory Coast, 2 in Qatar and 1 in Luxembourg.

Format	Date of concept	Average surface area	Location	Offering	Number of stores
Fnac network					
Traditional	1974	2,400 m²	City centers – shopping districts	Entire offering	157
Suburbs	2006	2,000 m²	Suburban areas	Entire offering	17
Proximity	2012	300 to 1,000 m²	Towns and smaller cities Large cities to supplement the store network	Entire offering	84
Travel (Aelia and MRW)	2011	60 to 300 m²	Airports and railway stations	Editorial products on hot topics Consumer electronics focused on mobility	31
Connect	2015	80 to 100 m² for dedicated stores	City centers Shop-in-shop	Telephony and connected objects	18
Darty network					
Traditional integrated	1968	1,500 m²	Proximity to large cities – shopping malls	Entire offering	295
Franchise	2014	600 m²	Proximity to medium-sized cities	Minimum range	209
Fnac Darty network					
Franchise	2017	1,400 m²	Retail parks	Large and small domestic appliances Editorial products and consumer electronics TVs	1
Nature & Découvertes network					
Traditional integrated	1990		City centers – shopping districts	Entire offering	89
Franchise	2008		City centers – shopping districts	Entire offering	7

1.7.2 / PROPRIETARY REAL ESTATE

The following table summarizes the areas occupied by the Group (including franchises) as of December 31, 2020 in the various countries where the Group maintains operations (excluding discontinued operations). The Group's geographical locations are described more fully in section 1.4.4 of Chapter 1 "Geographical breakdown".

Stores (including franchises)	Number of sites	Customer retail area (in m²)
France [(a)]-Switzerland	751	764,000
Iberian Peninsula	72	101,000
Belgium and Luxembourg	85	91,000
TOTAL	**908**	**956,000**

(a) Including 14 stores outside France: 4 in Tunisia, 3 in Morocco, 1 in Congo, 1 in Cameroon, 2 in Ivory Coast, 2 in Qatar and 1 in Luxembourg.

Warehouses/Other premises (excluding franchises)		Number of sites	Total occupied surface area (in m²)
France and Switzerland	Warehouses	8	317,000
	Others [(a)]	66	200,000
Iberian Peninsula	Warehouses	2	32,000
	Others [(a)]	3	5,000
Belgium and Luxembourg	Warehouses	4	40,000
	Others [(a)]	1	4,000
TOTAL		**84**	**598,000**

(a) 'Others' includes offices, shared service centers, After-Sales Service Workshops, Cross-Dock platforms, and technical centers.

Most real estate assets are leased; however, the Group has proprietary real estate including 55 stores, one warehouse and nine other business premises.

The Group considers that the utilization rate of its property, plant and equipment is consistent with its operations, development plan, and ongoing and planned investments.

Fnac Darty is committed to reducing the energy consumption of its stores and is making the necessary investments in this regard. All these actions are outlined in section 2.4 of Chapter 2 "Reducing environmental impacts" of this Universal Registration Document.

The Group's main current and planned investments, as at the filing date of this Universal Registration Document, are detailed in section 4.2.3.1 of Chapter 4 "Net cash flows related to operating activities and investments" of this Universal Registration Document.

1.8 / Regulatory environment and changes

The regulations that apply to the Group in the countries in which it operates, as well as any regulatory changes or action taken by local, national or international regulators, are likely to impact the Group's business activities and performance.

Both in France and abroad, Fnac Darty is subject to numerous laws and regulations, in areas such as competition law, the operation of establishments that are open to the public, and consumer protection, as well as certain specific regulations relating to particular activities (banking, logistics, e-commerce, real estate, credit and insurance brokerage, IT, book prices).

By way of example, Fnac Darty has taken into account the entry into force of the European General Data Protection Regulations (GDPR), the provisions of which have been applicable since May 2018 in all Member States of the Union European. The Group has set up a program to organize and coordinate its compliance work Group-wide.

In addition, the Group's activities in France are also subject to Law No. 81-766 of August 10, 1981 relating to book prices. A new book sold in France must have a single price that is determined by the publisher, and this price must be printed on the cover of the book. A vendor selling from a physical store is allowed to offer a reduction of up to 5% on the price of the book. This law does not apply to second-hand books or books that are out of print.

In addition, Fnac Darty is monitoring the measures it put in place in 2017 to comply with the French Sapin II law on transparency, anti-corruption and the modernization of business practices. Subject to the law on the duty of care by parent companies and major contractors, Fnac Darty has published an Vigilance Plan since 2018 (see section 2.5.3 "Implementing a Vigilance Plan" of Chapter 2).

Fnac Darty is also subject to regulation by the French Environmental Code, which includes the requirement for all retailers or their subcontractors to take back used products the customer is discarding, on a like-for-like basis in terms of product type and quantity and free of charge to the customer (in the case of home delivery or in-store purchases). Furthermore, the Group also complies with the requirement for the retailer to take back very small used electric and electronic devices free of charge and with no obligation to buy, if the retailer dedicates at least 400 m^2 to the sale of electric and electronic devices.

The evolution of the legal framework, particularly as regards the social economy and the anti-waste act, will soon impose new standards in terms of consumer law.

Finally, the law against waste and for the circular economy (AGEC) enacted as of February 10, 2020 schedules the mandatory application as of January 1, 2021 of a repairability index for several types of device or appliance: smartphones, laptops, front-loading washing machines, televisions, and lawnmowers. The manufacturer of the appliance gives it a score out of 10 across five criteria (length of availability of technical documentation and advice on use and maintenance, ease of dismantling of the equipment, length of availability of spare parts on the market, delivery times and sales price of spare parts. The fifth criterion depends on the category of equipment concerned) based on scoring grids established by the French Ministry for Ecological Transition. Fnac Darty, which has used this project on an experimental basis on certain appliances since 2018, will display this index, thus making it possible to inform consumers simply as soon as they make a purchase in-store or on its website for the products concerned.

1.9 / Research and Development, patents and licenses

Given the nature of the Group's activities, it does not conduct any research and development and does not own any patents or licenses.

The Group owns a portfolio of 1,170 brands [(1)] that are registered across the world, primarily under the names "Fnac", "Darty" and "Nature & Découvertes" and the variations thereof that it uses in its commercial offerings.

The Group also owns a portfolio of over 1,523 domain names.

The Group's intellectual property policy centers around the protection of its brands (in particular the "Fnac", "Darty" and "Nature & Découvertes" brands and the variations thereof) and their domain names. This policy involves filings and reservations on either a local country basis or in the full range of countries where the Group operates or wishes to preserve its rights. The names "Fnac", "Darty" and "Nature & Découvertes" are reserved as domain names with the main generic extensions and the main geographic extensions.

The brand and domain name portfolios of the three "Fnac", "Darty" and "Nature & Découvertes" brands are managed coherently and centrally by the Group's Legal Department. The Group is only responsible for the monitoring of the WeFix brand portfolio, with other services (registration, renewal, opposition, litigation, etc.) being managed by WeFix directly, in agreement with the Fnac Darty Legal Department.

(1) Excluding WeFix, which has nine brands.

2

Non-financial Performance Declaration

Introduction

A CSR APPROACH AT THE HEART OF THE GROUP'S STRATEGY

With more than 25,000 employees worldwide, 908 stores and almost 10 million loyal customers, Fnac Darty is keenly aware of its responsibilities. The Group is committed to transforming itself to meet the challenges of a changing market, while at the same time developing its people and making a positive impact on society. The stakes are even higher in 2020, in the midst of the Covid-19 epidemic.

This corporate social responsibility is a major component of Fnac Darty's new strategic plan and is central to the Group's *raison d'être*: "Committed to providing an educated choice and more sustainable consumption". The description of the Group's *raison d'être*, the integration of societal challenges in the business model and the strategic plan can be found in chapter 1 of this document.

This chapter meets the requirements of European Directive 2014/95/EU on the disclosure of non-financial information, and the obligation to report on the effective implementation of a Vigilance Plan under the law of March 27, 2017 on the duty of care of parent companies and initiating companies.

Governance that strengthens the integration of CSR challenges into both the strategy and business lines

In order to incorporate these challenges into its strategy and the day-to-day operations of its business lines, the Group has adopted a decentralized approach to CSR. Extending to the highest level of the Company, the CSR Department reports to the General Secretary, and relies on various bodies and business line representatives to manage and assess the Group's CSR strategy.

Governing bodies	Executive Committee	• Defines the corporate mission • Defines a strategy related to the mission
Governing bodies	Board of Directors and CSR Committee	• Approves the mission and strategy • The CSR Committee meets twice a year and reports to the Board
Governing bodies	Thematic committees	• The Climate Committee meets four times per year • The Ethics Committee meets three times per year • 2021: establishment of a "Circular Economy" Committee
Management	General Secretary: *CSR, Legal, Internal Audit, DPO*	• The CSR Department reports to the General Secretary, which deals with governance, ethics and compliance issues. • Leads the Company's mission and CSR strategy
Network	Since 2020: CSR network defined by the Executive Committee	• 14 CSR champions define and guide the CSR department and country roadmaps • Four "Duty of Care" champions have been appointed for the countries • The network is coordinated by the CSR Department
Subsidiaries	Nature & Découvertes	• The Commitment Department is in charge of the Fondation N&D and the N&D environmental policy • The Group CSR Department coordinates CSR reporting and the N&D Vigilance Plan

Description of committees

- The CSR Committee, described in Chapter 3, which is composed of four Independent Directors, reports to the Board on the strategy and CSR projects undertaken, as well as the results obtained.
- The thematic committees:
  - The Ethics Committee: composed of one Comex sponsor (General Secretary in charge of HR, CSR and Governance), the Legal, Internal Audit, HR, and CSR Directors and the DPO, it ensures the Group's compliance with regulations relating to ethical business conduct, in particular the Sapin II law, the Duty of Care law, and the GDPR law.

- The Climate Committee: composed of two Comex sponsors (General Secretary in charge of HR, CSR and Governance, and Director of Operations and Information Systems), the Directors of Indirect Purchasing, CSR, Logistics, National Transportation, Services Policy and After-Sales Service, it is in charge of rolling out and ensuring compliance with the Group's climate roadmap, guarantees the integration of the climate theme within the overall strategy, and manages the objectives for reducing greenhouse gas emissions (see 2.4.1.1).
- The Circular Economy Committee, created in 2021: composed of two Comex sponsors (General Secretary in charge of HR, CSR and Governance and Director of Operations and Information Systems), Directors of Indirect Purchasing, CSR, and Legal; its purpose is to steer projects aimed at reducing packaging, optimizing unsold stock, improving collection, recycling, and reuse of materials.

In addition, the CSR Department regularly participates in the Internal Control Committee, which oversees policies for preventing and mitigating certain CSR risks, and in the Risk Committee, which incorporates and handles the most prominent CSR risks.

Integration of CSR within variable compensation objectives

For many years now, the variable portion of compensation of the CEO and members of the Executive Committee includes a CSR objective that has been set in consultation with the CSR Department. These objectives relate to the executives' respective responsibilities.

The long-term incentive plan (LIP), which aims to strengthen the loyalty of the Company's key managers, incorporates a criterion for achieving a CSR objective.

Finally, from 2021, all managers eligible for annual variable compensation will have a CSR objective accounting for 10% of this variable portion.

Open dialogue with stakeholders

Regular dialogue with stakeholders helps to ensure that the Company, both in its strategy and in the performance of its daily activities, incorporates all their concerns.

The systems and channels in place to promote this dialogue are as follows:

Stakeholders	Means/methods of promoting dialogue
Customers	Direct contact with employees: sales personnel/delivery personnel/home technicians/call center agents Customer surveys (NPS, survey regarding a responsible approach to consumption, etc.) Commercial websites with customer reviews Social networks In-store cultural events
Employees	Monthly commitment measurement Social partners Corporate social network Internal communication Chats with the Chief Executive Officer Monthly presentation to the Leadership Group Plenary sessions and panel discussions
Suppliers/plants	Trade fairs (participation and organization) Annual negotiations Supplier audits for our purchases of own-brand or licensed brand products Annual convention
Associations	Partnerships and collaborations with public utility associations Membership in professional organizations and federations: FCD, Fevad, AFEP, MEDEF, etc.
Public authorities	Meetings with ministerial offices Parliamentary hearings (on specific themes or draft legislation) Participation in working groups and in consultation with sector-based players steered by management (repairability index, environmental information, etc.) Discussions with local elected representatives on matters relating to their territory
Investors/shareholders	Registration Document/corporate website/press releases Investor Roadshow/Investor Day General Meeting SRI/credit ratings

Assessment of CSR risks and opportunities

In 2018, the Group mapped out risks and conducted a materiality analysis, interviewing external stakeholders along with Directors and managers within the Group. These analyses were cross-referenced with the expectations expressed by Fnac and Darty's customers in the annual customer survey, and with sector-based regulatory changes, specifically on climate and human rights issues.

The matrix resulting from this work highlighted four major risks, which have a significant impact on the Group's stakeholders, as well as on the development and sustainability of the Company.

Risk 1: The development of business lines in a context of digital acceleration

At a time when the digital economy, automation and artificial intelligence are accelerating, the Group's business lines are evolving, generating risks for employees in terms of employability as well as wellbeing, and risks for the Company's economic development, particularly in terms of the skills and commitment needed to roll out the strategy.

Risk 2: Sustainability of the business model and new patterns of consumption

The linear model of current trade (manufacturing, retail, use, waste) is showing its limits, because the environmental impacts are so significant. A growing awareness among consumers of the need to act has led to the emergence of new ways of consuming: buying less but buying better, sharing goods or buying their use, buying and selling on second-hand, boycotting controversial products or brands, and choosing eco-designed products or committed brands.

Risk 3: The climate emergency and its consequences on companies

The climate emergency has generated very strong, legitimate pressure on companies to follow a path that prevents a rise in climate temperature of more than 1.5°C in 2100 compared to the pre-industrial era. Respecting such a trajectory requires profound transformations in terms of the economic model, the modus operandi, and governance. Not reducing its impact on the climate exposes the organization to physical and transition risks (regulatory, market and reputation risks).

Risk 4: Ethics for all based on a model of development through partnership

The Fnac Darty model is based on association and partnership (retail of branded product, franchise development, Marketplace development), which makes it more difficult to manage the associated ethical risks. At a time when laws on business ethics are becoming more stringent and consumers are taking ownership of these issues, controlling this risk at every level of the value chain is a crucial issue.

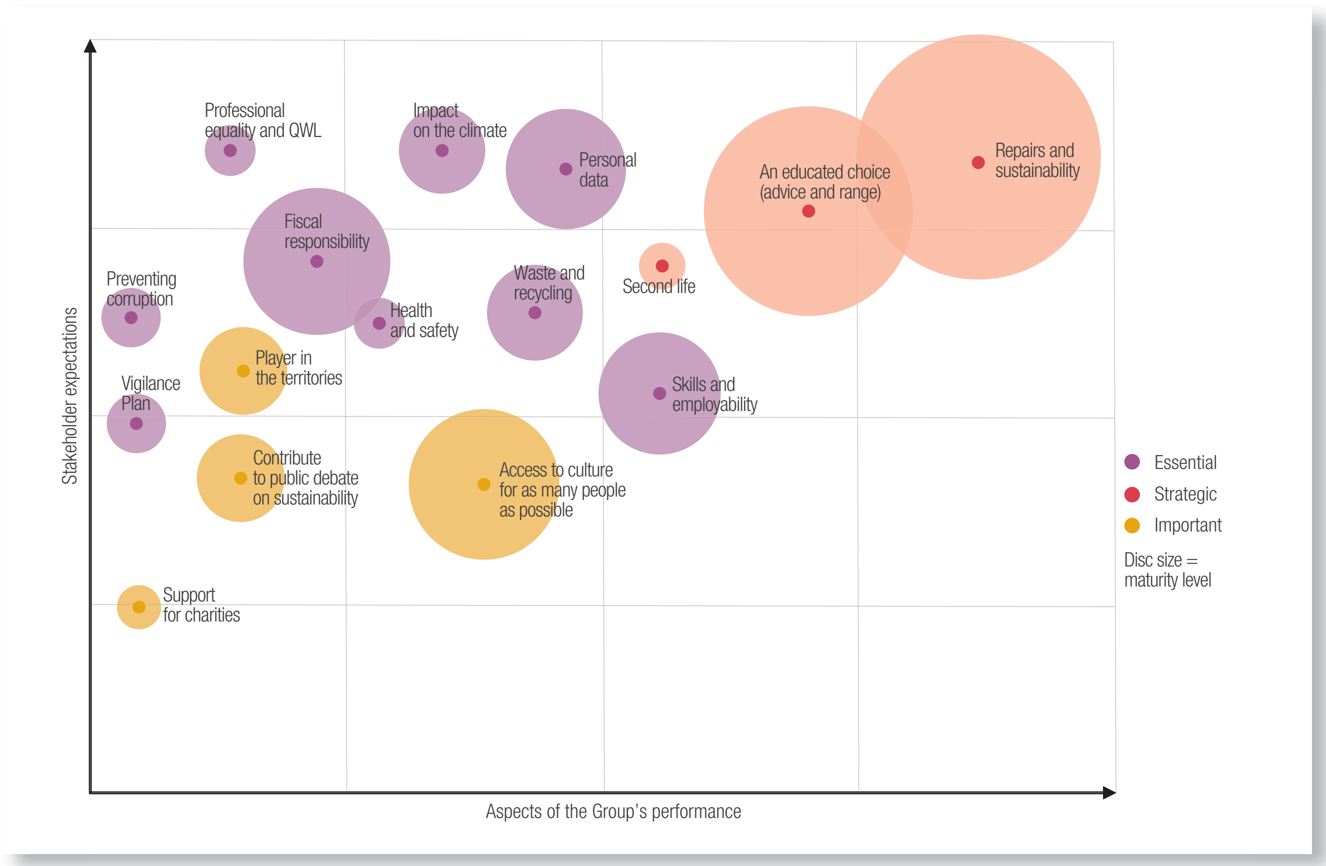
From these four risks result the five pillars and 17 commitments of the CSR policy.

Our CSR policy, structure of this chapter

Our four main CSR risks	Our five CSR pillars	Our 17 key challenges nd objectives	Our contribution to SDGs
The development of business lines in a context of digital acceleration	1 / Develop human capital	■ Develop **skills and employability** ■ Promote **gender equality and quality of life in the workplace** ■ Guarantee **employee health and safety** **Objectives:** • 35% of women in the Leadership Group workforce in 2025 (24.3% in 2020) • 40% of women on the Executive Committee by 2025 (33.3% in 2020)	**ODD 5: Gender equality** (pay gap, women in management positions) **ODD 3: Health and wellbeing** (road traffic accidents, happiness) **ODD 8: Decent work and economic growth** (workers' rights, health and safety at work, creation of decent jobs) **ODD 4: Quality education** (training, equal opportunities)
Sustainability of the business model and new consumption patterns	2/ Promote sustainable consumption and an educated choice	■ **Help customers make** an educated choice ■ Encourage **repairs** ■ Give **a second life** to products ■ Ensure **waste collection and recycling** ■ Contribute to **public debate around sustainability** **Objectives:** • A "sustainability score" of 135 in 2025 (88 in 2017) • Provide sustainability information for 100% of products in 2022 • 100% of "non-saleable" new products into a second life sector by 2025 • 2.5 million products repaired in 2025	**ODD 12: Sustainable consumption and production** (circular economy jobs, hazardous and non-hazardous waste) **ODD 13: The fight against climate change** (carbon footprint) **ODD 4: Quality education** (education for sustainable development)
	3/ Contribute to the social and cultural development of territories	■ Provide **access to culture to as many people as possible** ■ Increase the positive impact on the territories: **employment** and **solidarity**	**ODD 11: Sustainable cities and communities** (territorial development) **ODD 8: Decent work and economic growth** (creation of decent job)

	Our CSR policy, structure of this chapter		
Our four main CSR risks	**Our five CSR pillars**	**Our 17 key challenges nd objectives**	**Our contribution to SDGs**
The climate emergency and its consequences on companies	4/ Reduce impacts on the climate	■ **Strengthen governance** and integration of climate risks ■ **Reduce emissions** generated by transportation and energy from sites ■ **Extend emissions management** to products, services and employee travel **Objective:** • A 50% reduction compared to 2019 in CO_2 emissions related to transport and energy on sites by 2030	**ODD 13: The fight against climate change** (carbon footprint, greenhouse gas emissions) **ODD 11: Sustainable cities and communities** (air quality, sustainable buildings)
Ethics for all based on a model of development through partnership	5/ Ensure exemplary business conduct	■ Protect the **personal data** of employees and customers ■ Prevent the **risks of corruption** ■ Implement a **Vigilance Plan** ■ Ensure **fiscal responsibility**	**ODD 16: Peace, justice and efficient institutions** (fight against corruption, protection of fundamental freedoms)

Fnac Darty's CSR challenges, analyzed according to their business opportunity and their level of stakeholder expectation, have been positioned in a materiality matrix:



This chapter is structured according to the five pillars and 17 issues of our CSR policy, with a foreword on managing the health crisis.

A CSR policy incorporated into the new strategic plan

Unveiled on February 23, 2021, the "Everyday" strategic plan embodies the Group's desire to strengthen its positioning in several key areas of its CSR policy, including those of product sustainability, selection and advice, and the development of more responsible services (see also Chapter 1.5).

To support this change in the economic model, Fnac Darty has set several objectives:

- achieve a "sustainability score [1]" of 135 in 2025 (versus 95 in 2018) (see 2.2.1.2);
- provide sustainability information for 100% of products [2] in 2022 (see 2.2.1);
- integrate 100% of "non-saleable" new products [3] into a second life sector by 2025 (see 2.2.3);
- 2.5 million products repaired [4] in 2025 (see 2.2.2);
- a 50% reduction in CO_2 emissions from sites' transport and energy by 2030 compared to 2019 (see 2.4).

Furthermore, the Group is committed to reviewing its collaboration and leadership model, particularly through getting greater female representation on the management teams. To do so, Fnac Darty has set several objectives:

- achieve female representation on the Executive Committee of at least 40% and then maintain this representation by 2025;
- female representation of 35% of the Leadership Group [5] by 2025 (see 2.1.2.1.1).

Nature & Découvertes: 30 years of adventure and a new *raison d'être*

The acquisition of Nature & Découvertes in 2019 laid the foundations for new collaborations between complementary brands, each one committed, in its own way, to rising to societal challenges.

A pioneering concept born in 1990 at a time when ecology was not a major concern for the public at large, Nature & Découvertes has been able to sustainably develop in the field of reconnecting with nature. Thirty years on in 2020, the Company sought to question its *raison d'être* in a very different societal context, against a backdrop of climate emergency and the erosion of biodiversity. The management of Nature & Découvertes has always considered the Company to be a player in the service of the common good, and it was important to redefine its mission.

The project was conducted collaboratively throughout the year, leading to this new *raison d'être*: "To offer genuine solutions (products and experiences) to all those who wish to change their way of life for ecology of the Earth, body, and mind."

Supporting its customers as they live a sustainable lifestyle requires a transformation of the Company itself, which intends to go even further in the eco-design of its offer. A certified "B Corp" since 2015, Nature & Découvertes is part of a continuous improvement process. This international certification provides a range of stringent CSR criteria, and pushes the Company to go even further.

Nature & Découvertes' non-financial data is incorporated in the indicators published in this document (unless otherwise stated); a number of the challenges facing Nature & Découvertes, and the Company's responses to these challenges are also described.

(1) Sustainability score for eligible products, base 95 in 2018, weighted by their respective revenues.
(2) Categories and products eligible for a sustainability score (electronic products and household appliances, mobility).
(3) Damaged, faded, or repaired products, customer returns + products from suppliers/partners who may need to rely on the Second Life channel + customer products from trade-in which are then reconditioned.
(4) Home repairs and in workshops, WeFix repairs, resolutions by call centers and after-sales service counters.
(5) The Leadership Group is made up of the members of the Executive Committee, the Group's executive officers, and key Group managers in France and internationally (employees with grade 19 or higher according to the Korn Ferry Hay weighted job evaluation method).

HEALTH CRISIS: FNAC DARTY COMMITTED TO ITS EMPLOYEES AND CUSTOMERS

The impact of the Covid-19 health crisis was considerable for Fnac Darty: store closures, implementation of health measures to protect employees and customers, reorganization of logistics to cope with the shift from physical to online sales, among others.

Faced with this unprecedented crisis, the Group set itself the objectives of guaranteeing the health and safety of all, continuing to serve its customers, and keeping its teams mobilized while safeguarding jobs.

Teams mobilized to serve customers

On the front line during lockdown, all the operations management teams (logistics, delivery, after-sales service, remote customer service) were mobilized to meet customers' needs, and in a challenging context, were able to demonstrate their ability to adapt along with a sense of service welcomed by customers.

After-sales service teams continued their activities to provide citizens with a real public service mission by repairing their equipment, either by coming to their home while following safety protocols, or by phone or video-assistance.

The lockdown period was also a challenge for logistics teams, who were obliged to switch all their activity to the web channel overnight. They achieved a remarkable quality of performance in an extremely difficult context. To respond to their equipment emergencies, particularly in a context of remote working and home schooling, Fnac Darty resolved to make free deliveries in France for all purchases over €20 made on Fnac and Darty sites. Similar measures were also implemented in Spain, Portugal, Switzerland and Belgium.

The work of front-line employees during lockdown was valued. Thus as part of the system set up by the French government, a one-off purchasing power bonus (*prime exceptionnelle de pouvoir d'achat,* PEPA) was paid to employees earning less than three times the annual value of the French minimum wage (SMIC) who worked during the period from March 16 through May 11, 2020 – a full-time employee present over the entire period received a bonus of €1,000.

The work done by employees was also highlighted through internal communication tools: the communication teams regularly put these employees in the spotlight, talking about their work during this period, and sharing messages of encouragement and customer satisfaction.

Social treatment of employees affected by short-time working

For store employees, and for a large number of employees in support functions, store closures were accompanied by short-time working measures – with different procedures in different countries, based on government decisions and existing support measures.

From March 15 through May 11, 2020, more than 80% of the Group's workforce was affected by short-time working.

In France, an activity bonus of €100 gross per week was also paid to employees who worked on the Company's sites or were in contact with customers during lockdown.

During this period, social dialogue was strengthened with more regular meetings of the Economic and Social Committee (ESC), as well as other bodies such as the Group Works Council (four extraordinary meetings) or the European Works Council (one extraordinary meeting).

In France, to anticipate the conditions required for the resumption of business after the lockdown, negotiations were also conducted in the spring aimed at setting up systems to adapt work organization to the flow of business. In particular, the conditions for paid leave and/or the introduction of alternative working schedules (switching between high-activity and low-activity weeks according to business requirements) within stores were negotiated so as to avoid short-time working measures as far as possible, and to ensure that for those employees affected, compensation is maintained, regardless of the hours worked.

However, due to the closure of so-called "non-essential" departments and the closure of Nature & Découvertes stores during the second lockdown, other short-time working measures were implemented.

A total of six agreements were signed within several entities within the Group in France, pertaining to those employees working in stores, in operations or support functions. In return for these contractual provisions, the Group maintained the compensation of the employees concerned at 100% for the period from March 15 through May 11, 2020.

Measures taken to protect employees and customers during the health crisis

Strict health measures at head office and in operations

During this year, the Group focused on the health and safety of its logistics teams. For Fnac Darty, the challenge was twofold: to guarantee a secure working environment for front-line employees, and to ensure the continuity of logistics activities so that they could quickly adapt to changes in the health context.

Communication with employees has been strengthened for preventive measures and safety information for warehouse employees, delivery and installation staff, after-sales technicians, and the remote customer service team.

"Covid representatives" appointed on each logistics site, to identify "at-risk" locations, to ensure preventive measures were followed, and to work on contact tracing after contamination, in connection with Human Resources and the sick room.

In warehouses and at head office, circulation flows were put in place, disinfection procedures were instigated for workstations and shared premises, and alcohol gel dispensers were installed.

All these health procedures were developed in full compliance with the recommendations of the French government and in consultation with labor unions.

Safety at the heart of the "business recovery plan"

The store recovery plan gave rise to extensive joint work between the HR, Operations, Safety, Real Estate and Maintenance, and Purchasing teams, as well as regular dialogue with social partners. The cornerstone of this plan is a health system designed to allow employees and customers to work in the safest possible environment.

In line with government regulations, the Group, in conjunction with the Human Resources Department, has updated the Single Document for the Evaluation of Occupational Risks (*Document unique de l'évaluation des risques professionnels,* DUERP), as well as its operating procedures in a document entitled "guidelines" (business resumption plan) intended for the operating teams.

The "Welcomer" role (employees in charge of greeting customers) has been extended: compliance with in-store traffic limits, customer hand disinfection, guidance to ensure traffic flows are respected, theirs is a central position in the smooth application of the health system.

This system was the end result of the sourcing, design and purchase of such items as plexiglass panels specifically designed for store furniture, floor marking systems, masks, gels, gel dispensers at store entrances, and so on, so as to comply with preventive and social distancing measures.

To support our in-store teams, training was provided on how to apply preventive measures and the proper use of equipment. Upon reopening after lockdown, seminars were organized before opening to the public, to lay down the new rules for organizing work and welcoming customers.

All these measures were welcomed by the banners' customers, as well as the various administrations, whose inspection visits were all conclusive.

To galvanize employee support for preventive measures, two e-learning modules were developed by the Fnac Darty Academy, each attended by some 10,000 employees.

Psychological support measures during this unprecedented period

During lockdown, the Group was quick to strengthen communication to teams via several channels: emails, intranet site, phone.

- An HR hotline was set up allowing employees to communicate with the HR managers on duty.
- A counseling and support line was launched, accessible around the clock, also open to spouses.
- An appointment-based system for remote medical consultations was rolled out.
- The Group's social workers extended their services.
- Finally, the Group's intranet made a major contribution to maintaining connection between employees, by disseminating practical information on managing remote working, as well as psychological advice, recommendations and highlights of work done by front-line employees.

In order to survey employees, both on the management of lockdown and on remote working and worries about recovery (particularly from a health standpoint), regular surveys were conducted using the Supermood tool.

Flexibility to support remote working

The announcement of the lockdown period forced the Group to take steps in record time to allow widespread remote working. Within a few days, employees received training and tools allowing them to use collaborative work solutions single-handedly.

After the head office employees, those in in-house call centers in charge of customer relations were supported, which was a challenge because for these teams no remote working solution was yet available. In two days, our IT teams were able to overcome all the points of contention, including flow parameterization, phone number routing, and access to CRM tools, to relocate call centers to employees' homes. This represented a major transformation for customer service teams, who received accelerated training to help deal with the barrage of calls relating to store closures, and to contact all customers with store orders or pre-orders.

Once lockdown ended, the Fnac Darty Group scrupulously applied the government's recommendations on remote working. Over the summer, the rule for head office employees in France was two days' presence on-site for three days' remote working. As from the second lockdown, all employees whose duties allowed them to do so switched back to 100% remote working.

Elsewhere in the Group, work organization was brought into line with government recommendations: flexible working hours, team rotation to ensure a reduced in-office presence, etc.

The Group supported this development via strengthened means of communication, particularly via the intranet, with numerous tutorials and the sharing of best practice on remote working and other aspects of daily life.

Fnac Darty was able to rely on its managers to ensure business continuity; empowered very early on in the crisis, they were responsible for the proper application of health measures by their teams, as well as individualized support for their remote-working employees. To this end, they attended training courses devoted to managing remotely (see also 2.1.1.1.2).

2.1 / Develop our most valuable asset: people

- **Develop skills and employability**
- **Promote gender equality and quality of life in the workplace**
- **Guarantee employee health and safety**

Risks	Opportunities
■ Skill mismatch ■ Loss of attractiveness of the employer brand: inability to attract and retain talent ■ Costs of turnover, absenteeism and disengagement ■ Costs related to workplace accidents including road accidents	■ Employees who are confident in their expertise to “inform customers’ choices” ■ Motivated employees focused on customer satisfaction ■ Key skills to roll out the Group’s strategy ■ An attractive employer brand ■ Ability to innovate ■ Agility and resilience ■ Control of costs related to workplace accidents, road traffic accidents and absenteeism

Levers activated	2020 Actions	KPI and associated indicators
An in-house training academy for bespoke training courses Multi-modal training courses (e-learning, virtual reality, face-to-face)	■ Continuation of strategic training programs ■ Development of sales expertise ■ Strengthening managers’ leadership skills ■ Development of programs to train in professions where staff are harder to find	■ **KPI: share of payroll allocated to training** ■ **KPI: number of training hours per employee trained**
Support for women in leadership positions	■ Maintaining and strengthening programs aimed at promoting equal opportunities ■ Review of recruitment processes to promote gender equality	■ **KPI: percentage of women in Leadership Group workforce** ■ **KPI: proportion of women who granted least one individual raise during the year** ■ Proportion of employees with disabilities in open-ended contracts
Start of collective bargaining	■ Negotiation of quality of life in the workplace and professional equality at Group level	■ NPS employees
Roll-out of agile organizational modes	■ Development of a Digital Factory ■ Launch of the “Agile Call Center” project	
A system for listening to employees	■ Regular survey of all Group employees	
Risk prevention for the most exposed business lines	■ Strengthening of training programs related to safety and security ■ Action plan for increased road safety ■ Investment in the modernization of equipment	■ **KPI: absenteeism due to sickness** ■ **KPI: frequency rate of workplace accidents with stoppage time** ■ **KPI: severity of accidents at work**

Key figures [1]

All the priority indicators and other indicators are available at the end of the chapter in the summary of CSR risks and indicators (see section 2.6).

24,886 employees as of December 31, 2020, of which 18,895 in France (24,046 in 2019, of which 17,676 in France)	**24.34%: percentage of women in the Leadership Group** (24.31% in 2019)
2.78%: share of payroll allocated to training (2.52% in 2019)	**22.9%: share of women in the female workforce granted an individual raise compared to 23.5% for men** (33.2% of women and 29.5% of men in 2019 [b])
9.1 hours: number of training hours per employee trained [c] (14.2 hours in 2019)	**5.17%: absenteeism due to sickness** (4.61% in 2019)
30.08: frequency rate of workplace accidents with stoppage time [a] (27.48 in 2019)	**1.74: severity rate of workplace accidents with stoppage time [a]** (1.46 in 2019)

(a) Excluding Nature & Découvertes, whose methods of calculating these rates vary from those of Fnac Darty.
(b) Corrected data.
(c) All formats combined (classroom, virtual class, e-learning).

With some 25,000 employees, more than 75% of whom work in direct contact with customers, anticipating and supporting rapid changes in business activities, guaranteeing the health and safety of employees, and fostering their commitment have been identified as major challenges for the Group.

In an extremely competitive sector faced with emerging economic players who are innovative in terms of their human resources management, the attractiveness of the employer brand, and the motivation of Fnac Darty employees are highly strategic. They involve listening carefully to employees' expectations, both in terms of autonomy and management, and the meaning given to their work.

To this end, the Group invests and innovates to change its organizational methods, to provide its employees with a motivating work environment, to guarantee their health, safety and professional equality, and to support the development of their expertise – a strategic focus for the Group and the basis of its *raison d'être*.

(1) Unless stated otherwise, the social data reported in this chapter relates to all Fnac Darty subsidiaries. Franchises are also excluded from the scope of the report. The definitions are given in the associated paragraphs when required.

2.1.1 / DEVELOP SKILLS AND EMPLOYABILITY

The Group is investing and innovating in training to support its employees as their jobs evolve and to enable the Company to remain efficient. For Fnac Darty, this means adapting to changes in the sector and the latest customer expectations, as well as adopting a responsible employer policy that allows all its employees to develop their skills and employability.

Based on Darty's in-house training model, the Group set up an Academy in 2018 allowing it to gain in expertise and agility, while reducing teaching costs.

Training is now overseen by this Academy and is based on classroom programs as well as e-learning modules. Through this multimodal learning program, Fnac Darty seeks to offer its employees the opportunity of continuous training, at their own pace, based on the organization of their work week, but also their diverse skills and objectives.

2.1.1.1 / Training in service of the Group's agility

2.1.1.1.1 / Training programs adapted to the health situation

Starting in February 2020, the health crisis strongly disrupted training programs. Bringing training in-house has led to greater agility in response to this unprecedented situation. As a result, all training courses that could be attended remotely switched to this method. Training on products and services could thus continue to be provided, even if teaching methods had to be adapted.

A video-conference training protocol enabled 4,000 people to be trained remotely, replacing classroom programs.

The Group could also count on the e-learning training offer developed over the past several years: more than 450 modules, accessible remotely on computer, smartphone or tablet. In 2020, 167,102 modules were completed and validated (compared with 156,144 in 2019) in France, mostly by salespeople, and nearly three out of four employees completed at least one e-learning course in 2020.

In other European countries, all of which can now access the Academy's e-learning offer, over 15,000 modules were completed.

The Group's training teams increasingly rely on this flexible format to extend their offer to topics that deal with societal themes: the fight against corruption and influence peddling, consumer rights, protection of personal data, the fight against discriminations, including the detection of gender-based discrimination.

The Academy also began integrating virtual reality formats into the teaching tools used during induction days for executives, thus allowing them to visit the Group's logistics sites virtually. The development of these innovative training tools will gather speed in 2021.

During the period of short-time working, the Group communicated with its employees about the government-backed reinforcement of training assistance provided by the French National Employment Fund (Fonds National de l'Emploi). Accordingly, 370 employees were trained via this scheme. The courses were provided at the request of employees (e.g. further English classes, web development or skills assessment) or at the Company's initiative, as in the case of the course for the Academy's trainers on leading training sessions remotely.

Work-study programs

For several years, Fnac Darty has pursued an active policy for the professional integration of young people by promoting work-study programs, a policy that was maintained in 2020 despite the context.

As of December 31, 2020, the Group had taken on 1,065 employees under professional development or apprenticeship contracts. These work-study participants are present across all job categories: sales, customer service, logistics, after-sales service and back-office functions such as accounting, marketing, communications and human resources.

2.1.1.1.2 / Managers supported to manage their teams via remote working and to develop their skills

The Group relied heavily on its managers during a year marked by the health crisis to disseminate information, change the pace of work, and maintain the mobilization of teams on the highest-priority projects.

To support line managers in this new way of organizing work, support for good remote working practices was promptly rolled out, first with the Executive Committee and then with supervisors. In addition, training on time and priority management was offered to groups of employees.

Moreover, as part of a process of continuous improvement, over one hundred workshops were facilitated by the Fnac Darty Academy in Q4 2020, to draft a joint assessment and to further improve the ways in which teams interact in remote working. These workshops to jointly draft the golden rules for remote working were first provided to members of the Executive Committee, before being rolled out to all head office departments.

Managers trained to develop their leadership and serve the Group's vision

This change in organizational methods coincided with the launch of an ambitious 18-month training program to manage the Operations Department and headquarters, with the aim of establishing a common foundation to serve the Group's strategy and *raison d'être*.

As such, an important part of the training aims to provide everything required to understand the Group's positioning and the environment in relation to its commitment to making an educated choice and more sustainable consumption. The stated objective is to enable participants to carry this vision forward, and to apply the strategy within their scope, while integrating new knowledge in terms of CSR, customer excellence, and value creation to make informed decisions in the face of economic and societal challenges. The training course also includes a central component to develop leadership and managerial skills, and to provide better support for employees at a time of accelerated transformation.

Over 700 employees volunteered to join this program, offered to supervisors and local managers on one hand, and to executives and Directors on the other.

Backed by Kedge Business School, in broader terms this program aims to build a common managerial culture and strengthen collaborations. It is based on fully customized, dynamic, innovative and multi-modal teaching. It also helps to secure career paths and develop employability, since the two training courses will grant partial certification from Kedge Business School, at undergraduate level for local managers and at postgraduate level for executives and Directors.

2.1.1.2 / Salespeople expertise: a priority in the service of the strategic plan

Enabling customers to make an educated choice largely depends on the acknowledged expertise of Fnac Darty's salespeople. Developing this expertise has thus been highlighted as a crucial issue for the Group; consulting is a major component of the new Strategic Plan. This involves ensuring customers are offered the best advice in terms of the use of their products and the services they require.

To this end, the form of training courses was revised to encourage salespeople to talk about and share their passion for the product. The content thus focuses in large part on handling the products sold and discovering the uses to which they are put by customers.

2.1.1.2.1 / Customer excellence at the heart of a major training program

In order to strengthen its strong links with customer culture, in 2019 the Group deployed an 84-hour program aimed at employees in contact with customers in Fnac and Darty stores (salespeople, customer service agents, after-sales service technicians), as well as delivery personnel and call center advisors: the Excellence Client (customer excellence) program.

Over 800 employees volunteered to take part in this ambitious program, which was designed and deployed over 18 months, and takes into account the reality encountered on the ground. It offers modules differentiated by banner and business line to meet the needs of the various audiences, while respecting the DNA of both banners. Participants acquire skills, which managers then help to deploy.

The engineering behind the customer relationship modules is co-built with the Group's best marketing experts, thus allowing participants to acquire an in-depth understanding of new customer expectations, in particular.

The course also aims to enhance mobility to other areas or to new business lines. Upon completion of the program, scheduled for early 2021, participants can obtain certification recognized by the French Commission of Professional Certification and by the professional branch.

2.1.1.2.2 / Salespeople expertise, a strategic focus in years to come

In order to strengthen expertise in each individual's skill requirements, in 2020 the Training Academy finalized and rolled out a five-year individual development path.

Aimed at all salespeople, it will be based on an individual analysis tailored to each employee. A pilot quiz was launched in a number of stores to test the scheme, due for large-scale roll-out in 2021. This quiz, which will be offered to employees twice a year, will allow the individual training plan to be adjusted.

The aim is to offer a career path and provide an overview of training courses that employees will be able to follow from their arrival until they reach a level of expertise. It also clarifies the professional objective they are aiming towards.

For Fnac and Darty, this is an opportunity to build employee loyalty by providing a long-term vision and giving employees the tools to improve their performance in the long run.

At the same time, the Academy chose to make integrating new recruits a priority, aimed at immediately engaging teams in their knowledge of the Company and how it operates.

The immediate objective is to provide teams with all the knowledge required to avoid learning by error. This program focuses employees on customer relations, sales, products and services. Interns are also immersed in learning the characteristics of all the products sold in store, thus whetting their appetite for versatility, and enhancing their ability to sell the entire product & service ecosystem. The training courses also develop salespeople's advice skills by helping them to better research and understand the uses customers wish to make of their products, and the services they may need.

Additionally, the Group continues to rely on an innovative application, NAPS, to reinforce knowledge of the Group's products and services. The principle of NAPS is to encourage training through play and by highlighting progress made. This application lets salespeople validate "product" and "sales technique" training, consult product news, take quizzes and chat with the sales community. In this way, other salespeople become a key part of their training. Since 2016, there have been more than 7,500 Fnac Darty NAPS users, and this figure continues to climb.

An extensive training program for salespeople in Paris stores

After six months of negotiations with employee representatives and the signing of three agreements in 2019, work organization in Fnac Paris stores was completely overhauled to improve efficiency while preserving jobs.

Implemented from 2020 onwards, the project aims to extend salespeople's responsibilities (execution of simple payments and greater versatility on the shop floor), alongside more equitable and effective management of work on Saturdays and public holidays.

It is based on an extensive training plan and personalized support measures, as well as financial compensation.

Since September, all Fnac Paris employees have been trained in handling transactions. Before the launch of multi-skill training, an individual assessment of skills and knowledge was conducted among the Company's 1,300 or so employees, so as to tailor the training plan to each employee.

This support will last from a few months to two years, depending on the level of expertise assessed in 2020.

2.1.1.3 / Develop skills in professions where staff are harder to find, and anticipate tomorrow's needs

Fnac Darty has identified several professions where staff are harder to find, and has rolled out several programs to meet the strategic needs in these areas. The Fnac Darty Academy thus set up two systems dedicated to highly technical areas where experts are harder to find: kitchen design and sales, and home-service technicians.

Kitchen designer: training to support business growth

In 2018, Darty's Kitchen Academy opened its doors to Fnac employees, in order to allow them to access the kitchen design business line. This training course supports the development of the kitchen business as part of the Group's policy of diversification.

The Kitchen sector, which is constantly growing, requires that employees follow long, specific training programs, because the job of in-store kitchen designer requires skills in several areas: from designing kitchens for the customer, to drafting plans and transferring the project to specific computer tools, and from marketing the proposal and monitoring the project over several months up to installation.

The Kitchen Designers' Academy offers to professionalize employees over a 40-day course for new designers, accompanied by periods of in-store training to fully get the measure of this complex profession.

Technical repair specialist: a promising profession for which staff are harder to find

To anticipate upcoming technician retirements and to improve national coverage of repair services, the Group has launched an extensive plan to recruit and train 500 technicians (see also 2.2.2.4). The Academy has developed a specific program for internal employees and for new recruits: the Tech Academy.

In 2020, in partnership with two Apprentice Training Centers (CFA), the Group opened seven apprentice classes, in Lille, Paris [2], Lyon, Marseille, Bordeaux, and Rennes. A total of 87 people signed up, including 19 employees from various backgrounds (sales, delivery, computer workshop).

Alongside recruitment, the technicians' skills were also enhanced, thus strengthening the strategic aspect of the Group's commercial and environmental policy, aimed at extending the life span of products.

At the same time, the Fnac Darty Academy developed several training courses for delivery teams, including an e-learning course on water, gas and electricity commissioning, and a classroom-based course on the delivery and installation of built-in and wall-mounted products.

In addition to the Tech Academy, the Delivery Academy has been developed to meet the Group's needs in this profession where staff are also thinner on the ground. To this end, Fnac Darty started two work-study programs for delivery apprentices (Paris and Toulouse), each with 25 students.

Analysis of Strategic Workforce Planning

In 2019 and 2020, Fnac Darty spearheaded a Strategic Workforce Planning approach to examine the differences between how the workforce is currently structured and the target forecast of the workforce in the medium term (five years). The results of this study should thus enable better forecasting of staffing and skills requirements, with regard to market developments and the Group's development strategy. In this context, negotiations on job management and career paths will be held in 2021 with the trade union organizations represented within Fnac Darty.

2.1.1.4 / At Nature & Découvertes, a training school at the service of the brand's culture

In line with its values as a responsible, eager-to-learn company, Nature & Découvertes relies on its in-house training school – La Source – to support its employees as they acquire product knowledge, and in their personal development.

For two to three days a year, they attend the school to learn about products and about their businesses (sales, management, project management, and so on), to improve their tools, and to advance in their personal style.

This face-to-face approach is based on more than 40 modules, chosen for their suitability to business needs. This is complemented by a digital offer, with over 115 e-learning modules, serious games, webinars and e-classes, for a rich and varied experience that helps students to enhance their learning, and piques their curiosity 80% of training materials are produced by Nature & Découvertes' employees and the majority of training courses are delivered by employees who have become experts in their area.

The complementary nature of the content taught makes it possible to assimilate new recruits into the brand's culture more quickly. Since 2019, La Source has been located at La Canopée, the new headquarters of Nature & Découvertes in Versailles. This more open location, which is better connected to its environment, ensures the best interaction with the various departments services of head office and, with its agro-dynamic farm, a great place to strengthen joint commitment and meaning.

Training results for 2020

Scope: Group excluding franchises	2018	2019	2020
KPI: Share of payroll allocated to training	-	2.52%	2.78%
Proportion of employees receiving training in classroom over the year compared to total number of employees [a]	52.3%	66.0%	37.4%
Proportion of employees receiving training in classroom and/or via e-learning over the year compared to total number of employees [a]	not available	82.9%	75.8%
Average number of training hours per employee trained via classroom programs	17.2 hrs	15.3 hrs	13.7 hrs
KPI: Average number of training hours [b] per employee trained	not available	14.2 hrs	9.1 hrs

(a) Employees (open-ended and fixed-term contracts) as of December 31, 2020.
(b) All formats combined: in classrooms, virtual classes or e-learning.

2.1.2 / DEVELOP GENDER EQUALITY AND QUALITY OF LIFE IN THE WORKPLACE

In September 2019, Fnac Darty began negotiations with all the Group's representative trade union organizations on Quality of Life in the Workplace and Gender Equality. Though disrupted by the health crisis, these negotiations continued in 2020 and are expected to be completed in the course of the first quarter of 2021.

Many topics were discussed with social partners, such as the right to log out of digital tools, the right to expression, the work/life balance, disability, gender equality, and employee mobility between their place of work and their home.

The topic of remote working was also discussed with trade union organizations at Group level.

2.1.2.1 / Promote professional equality

Convinced that diversity is a source of wealth and creativity, Fnac Darty has historically pursued a policy aimed at guaranteeing equal treatment, promoting diversity in its teams, and fostering equal opportunities, with particular emphasis on gender equality and the employment and retention of people with disabilities.

This commitment covers recruitment, using dedicated partners and tools for those potentially subject to discrimination, such as Hello Handicap, Hanploi, Cap Emploi, partners such as ARIS, Job dans la ville or ARES, training organizations such as Greta AISP, and LB Développement. It is also demonstrated through payment of the apprenticeship tax in France, a portion of which is paid to specialist schools and centers (Sport dans la Ville, Fondation Agir contre l'Exclusion, École de la deuxième chance, Institut Télémaque, FEDEEH, etc.).

2.1.2.1.1 / Gender equality: breaking the glass ceiling

Gender equality was identified as a priority issue for the Group. With nearly 40% of women in the total workforce, but only 24% of women in leadership positions, Fnac Darty is strongly committed to strengthening its action in favor of greater gender diversity, particularly in line management positions. The attractiveness of the employer brand is in the balance, as is the Group's ability to rise to this major societal challenge.

In order to push the entire Company, including subsidiaries, to make this issue a priority, several ambitious objectives were set by the Board of Directors on the recommendation of senior management.

Objectives

- **Achieve then maintain a percentage of at least 40% of the under-represented gender on the Executive Committee by 2025** (in the same way as the rules applicable to the Board of Directors).
- **Achieve female representation of 35% in the "Leadership Group"** [(1)] **by 2025,** with an increase of 2 points per year until 2024 then 3 points in 2025.

To achieve this goal, emphasis was placed on:

- female recruitment and mobility;
- improving the work/life balance.

In 2020, the Group continued its female store manager program by renewing the organization of a coaching and personal development session for its middle management, Fnac department managers, and Darty sales managers. This new session, named "Dare", aims to strengthen the presence of women among potential managers and in management succession plans.

Moreover, from 2021 onwards, recruitment processes have been modified, making it compulsory to have a woman on the candidate shortlist, and on the panel of interviewers during recruitment. In the event that two candidates of different genders show an equal level of competence during the recruitment process, the choice will be made in favor of the woman.

2020 Results

Fnac Darty published its gender equality index, in line with Law 2018-771, known as the "Professional Future" Law of September 5, 2018, assessing the level of gender equality using five measurement indicators: pay differentials, difference in obtaining an individual raise, difference in obtaining a promotion, satisfactory award of an individual raise after maternity leave, and lastly, level of gender equality in teams.

As regards the Group, this consolidated index, published on the institutional website, gave the Company a score of 90 out of a total of 100, based on 2020 social data (stable compared with 2019). Details of the results by company are updated annually and can be accessed via the Group's website.

(1) The Leadership Group is made up of the members of the Executive Committee, the Group's executive officers, and key Group managers in France and internationally (employees with grade 19 or higher according to the Korn Ferry Hay weighted job evaluation method).

For 2020, the main indicators relating to gender equality in teams and fair treatment based on gender are as follows:

Scope: Group	**2018**	**2019**	**2020**
Gender equality index (consolidated)	78	90	90
Percentage of women in the total workforce	38.60%	39.04%	39.62% 38.60% excluding Nature & Découvertes
Percentage of manager-level women in the workforce	34.67%	35.65%	37.02% 35.56% excluding Nature & Découvertes
Percentage of female store managers	10.37% 23.26% Fnac 5.56% Darty	13.62% 22.99% Fnac 7.51% Darty	18.22% 13.76% excluding Nature & Découvertes 22.47% Fnac 7.87% Darty 38.55% Nature & Découvertes
Percentage of women in the Leadership Group workforce [a]	20.74%	24.31%	24.34%
Percentage of women on the Board of Directors	60%	50%	43%
Percentage of women on the Executive Committee	20%	33.3%	33.3%
Percentage of women in the female workforce who have received at least one individual raise during the year	not available	33.2% [b] compared with 29.5% for men	22.9% compared with 23.5% for men

(a) The Leadership Group is made up of the members of the Executive Committee, the Group's executive officers, and key Group managers in France and internationally (employees with grade 19 or higher according to the Korn Ferry Hay weighted job evaluation method).
(b) Corrected data.

Although not satisfactory, the rate of 39.6% of women in the total workforce must be viewed in the context of the sector and the Group's business lines: traditionally retail, logistics and after-sales service tend to have a male bias.

2.1.2.1.2 / An active diversity policy to promote the inclusion of people with disabilities

For many years, Fnac Darty has been committed to employing people with disabilities. It has also built awareness among teams, participated in dedicated job forums, implemented an adapted professional development process and promoted best practices. The Group's Disability mission drives this proactive policy with support from Disability representatives.

In 2020, social dialogue focused on the theme of diversity through negotiations on Gender Equality and Quality of Life in the Workplace.

Despite the health crisis, the projects led in this respect have continued:

- continuation of the policy in favor of the employment of people with disabilities, by raising the awareness of the teams, the Group's presence on dedicated job forums, and in connection with Cap Emploi, by using the driver of work-study programs (two classes dedicated to the positions of checkout operator and storekeeper);
- participation in Duodays: 18 two-person teams featuring a Fnac employee and a disabled person were trained, and people with disabilities were welcomed for a day on Fnac sites;
- strengthened accessibility of merchant sites, specifically with the extension of the Accéo service to the Fnac website (a remote interpreting system providing deaf people with access to customer service);

- recruitment, via the use of recruitment partners such as Hello Handicap, Hanploi, Cap Emploi, partners such as ARIS, Job dans la ville or ARES, training organizations such as Greta AISP, LB Développement and the Stephenson Apprentice Training Center.

2020 Results

Fnac Darty regularly measures the perception of equality of treatment via Supermood, the dedicated system to improve listening to employees (see also 2.1.2.2.1 below). In November 2020, the question "In my team we are treated with respect and fairness regardless of…" was put to all Group employees, and scored 4.5 and 4.6 out of 5 depending on the criteria (gender, age, health status or disability, origin).

Scope: Group	2018	2019	2020
Percentage of people with disabilities in the total workforce	4.29%	4.39%	4.12%
Percentage of people with disabilities newly recruited under open-ended contracts	1.61%	1.12%	0.74%

2.1.2.2 / Develop employee commitment

By listening to employees, social dialogue, and innovation in the development of new organizational methods, the Group is making quality of life in the workplace a way to enhance commitment.

Employee commitment is measured through regular surveys of Group employees (see 2.1.2.2.1 below), and by monitoring absenteeism.

Absenteeism was on the up in 2020, due to the epidemic (confirmed cases or suspicion of Covid-19, contact tracing).

Scope: Group	2018	2019	2020
KPI: Absenteeism due to sickness	4.63%	4.61%	5.17%
Overall absenteeism	6.56%	6.46%	7.01%

2.1.2.2.1 / Give meaning to work and manage employee commitment

Raison d'être, a driver for commitment

In 2019, the Group reflected on its mission, with the aim of federating its teams and guiding the Company in its strategic choices and its day-to-day trade-offs.

In a society where the ecological crisis is calling into question and changing consumer patterns, Fnac Darty wished to examine its *raison d'être*, and thus its societal role. By looking into its contribution and responsibilities, along with its DNA and long-term vision, the Group laid the foundations for an ambitious collective project, in line with its most significant challenges.

This introspective work was conducted in consultation with representatives from all Group business lines, and is set to continue, chiefly to spearhead the *raison d'être* "Committed to providing an educated choice and more sustainable consumption" in managerial practices and the decision-making process.

Described in chapter 1, this *raison d'être* aims to be a powerful managerial tool, which will help cement the link between banners, build a common culture, give meaning to everyone's work and thus strengthen team commitment on a daily basis. In fact, Fnac Darty is convinced that this mission will be a source of pride, inspiration, innovation and thus of performance.

In 2020, this *raison d'être* and what it means in terms of a shared culture and vision for the future were introduced in various training programs (see also 2.1.1.1.2) and work on the operational implementation of the commitments pertaining to this mission will continue in 2021.

Listen to employee difficulties and expectations

Aiming to drive employee engagement as well as possible and to best respond to employee expectations and difficulties, in 2018 the Group launched an innovative approach for listening to its staff: Supermood.

Its principle is to send four short questions each month to all employees in France and to a number of international subsidiaries, so as to check on "their mood" in real time, thus allowing managers to provide appropriate, targeted and timely answers.

Of these monthly questions, two deal with various topics (quality of life in the workplace, management, training, work tools, fair treatment, etc.), one is an open-ended question on these same topics, and the last question – the only one which is the same each month – concerns the overall level of employee commitment.

In 2020, the Group used this tool to ascertain the needs and concerns of its employees during the health crisis. It also made it possible to reveal employees' future expectations in terms of remote working.

This system was deployed in France in 2018, before being extended to all international subsidiaries in 2019, and to Nature & Découvertes in 2020.

By late 2020, 22,744 employees (21,800 in 2019) in six countries had thus been able to give their opinion on their working conditions each month. From March 2021, all the teams at Nature & Découvertes will be able to do likewise.

In 2020, the response rate was between 36% and 48%, while in December 2020, the Company's average recommendation score [1] was 7.5 out of 10, up on 2019 (7/10).

2.1.2.2.2 / Organizational methods to increase innovation, attractiveness and satisfaction

"Digital Factory"

A major strategic area for the Group, digital acceleration is continuing to transform work organization and candidate experience at the registered office. With the dual aim of further removing barriers between the IT and Marketing Departments, and attracting talent to highly competitive positions, Fnac Darty established a Digital Factory in 2019.

This organization comprised 189 people at the start of 2021, 52.4% of whom were Group employees. To attract talent, Human Resources turned the Digital Factory into an HR laboratory, using innovative recruitment techniques (job dating, co-opting, collaborative recruitment) and more modern integration pathways (onboarding, assignment of sponsors, etc.). Since the creation of the Digital Factory, four co-opting initiatives have led to hires.

In 2020, this collaborative management of human resources was adjusted in light of the health crisis; emphasis was placed on communication and close ties, maintaining strong links between teams and a high level of commitment.

Based on agile operating methods, the Digital Factory is devoted to projects to develop the Group's e-commerce sites and the digital and omnichannel customer experience, by promoting co-building and expertise sharing. This agility enables the continuous delivery of all necessary improvements in order to design effective, easy-to-use digital products for regular users of the Group's sites and applications.

Agile call center

As part of the Group's overall approach to transforming its organization and customer relations based on collective intelligence and collaboration, an "Agile Call Center" project was launched in 2020 at the customer relations center in Bègles, an internal Group site. This site, with some 70 employees, specializes in customer service, technical assistance and remote appraisal for Darty customers.

This transformation project, spearheaded by the Customer Relations Department and supported by the site's management team, aims to set up a self-governing "agile" organization, i.e. one with no formal hierarchy. The objective of this new organization is twofold: to better serve its customers, and to add value to unjustly overlooked customer relations professions.

This initiative, with no parallel in the call center field in France, received an award in October 2020 from the French Customer Relations Association (AFRC) at the thirteenth edition of its Customer Relationship Awards, "Palmes de la relation client".

A Green Network at Nature & Découvertes, to boost commitment

Since 1995, the commitment of teams at Nature & Découvertes has been shown through the grass-roots work of the "Green Networks". These employees – one per site, making a total of over one hundred people – are tasked with being ambassadors for the Company's environmental and societal policy in respect of their colleagues and customers, in particular the projects of the Nature & Découvertes Foundation.

(1) This score is determined via the question "How likely would you be to recommend Fnac Darty as a good company to work for?".

Their role is to bring teams closer together, to communicate, to alert, to disseminate and perform actions in favor of sustainable development in line with the commitments of Nature & Découvertes. These Green Networks are at once active in the development of the local associative sphere, active in the teaching and education of nature and the environment, and are responsible stakeholders working on a daily basis to reduce environmental impacts. In total, around 10% of Nature & Découvertes' employees are thus Green Networks participants.

Green Networks participants must work in pairs with their assistant Directors to achieve about fifteen objectives over the year. These objectives, some mentored others chosen at will, help to enhance team cohesiveness and the sharing of best practices, reflected in real actions in-store.

Green Networks mobilize teams around environmental and societal objectives such as:

- comply with the environmental requirements of Nature & Découvertes;
- raise awareness of Nature & Découvertes' commitments;
- sort waste and monitor consumption;
- disseminate awareness-raising and advocacy actions to customers and local stakeholders: the "We want poppies" petition, a commercial topic such as "Zero waste", and a waste collection campaign in their catchment area in partnership with the Surfrider Foundation in 2019;
- support local associative projects to provide protection and education about nature, in particular through the "Helping Hand" committees of the Nature & Découvertes Foundation and the Rounding (see also 2.3.2.2.1);
- propose outings and birthday celebrations as well as learning discovery workshops to find out what makes products interesting and valuable through simulation.

Through these missions, Green Networks participants bring positive energy and commitment to all Nature & Découvertes' employees.

2.1.3 / GUARANTEE EMPLOYEE HEALTH AND SAFETY

Already crucial for the Group in the normal course of business, guaranteeing the health and safety of Fnac Darty employees became the number-one challenge for 2020, due to the health crisis linked to Covid-19.

From the very start of the crisis, the Group took all necessary measures to ensure its business continuity while implementing the most effective protective measures for its teams, customers, and ecosystem.

Over and above the exceptional context of 2020, the Group continued to invest in the health and safety of its employees, particularly those most exposed to the risk of workplace accidents, starting with logistics employees. At a national level, handling activities are the cause of half of workplace accidents (source: Health insurance).

2.1.3.1 / Risk prevention in logistics

Safety at the heart of equipment modernization

During handling activities, repeated movements and bearing heavy loads are at the root of musculoskeletal disorders, the leading cause of workplace accidents in the logistics sector. Despite the context, Fnac Darty continued to invest in modernizing its warehouses, by putting workstation ergonomics, and more broadly safety, at the heart of the projects launched.

Accordingly, modernization of the Massy warehouse continued with the extension of a fully-automated solution for records and DVDs, similar to that rolled out for books. This solution made it possible to reduce handling work and to optimize workstation ergonomics. Investment will continue in 2021 with soundproofing works.

Safety was the main criterion behind the continued renewal of trolleys in 2020. To reduce shocks or rotations that can lead to MSDs – particularly back problems – the Group paid particular care when choosing these new trolleys, making comfort and safety a priority. The new machines now have several options such as impact detection, pedestrian detection systems, screens and more ergonomically-designed seats. In addition, real-time fleet management solutions allow managers and the risk prevention manager to react to each incident and analyze its causes, potentially rethinking traffic flows. By the end of 2021, all the Group's warehouses will be fully equipped with these vehicles.

More standardized risk management

For several years, a logistics risk prevention manager has implemented preventive actions and checks on the correct gestures and postures to adopt in the warehouse. In order to develop a warehouse safety culture, Fnac Darty is working to standardize this risk management, which will include regular audits and the appointment of safety representatives on each logistics site.

In 2020, an assessment of the accident situation already made it possible to implement action plans tailored to the main challenges. These action plans cover both the overhaul of traffic and aisle safety plans, and awareness-raising actions. In-depth work was begun with an osteopath to refine the diagnosis of the impact of certain gestures on the joints.

Several tools are also being tested to prevent accidents: roll-out of a system to lock truck wheels during changeover, a prototype for safe container unloading, and a test to equip pedestrians with detectors connected to trolleys.

2.1.3.2 / Prevention for delivery and installation personnel and after-sales technicians

2.1.3.2.1 / Prevent risks related to the handling of electrical equipment

The installation and handling of electrical and electronic equipment can lead to accidents in particular in relation to the outbreak of fire.

In its repair workshops, Fnac Darty repairs equipment containing lithium batteries. Some batteries may cause fires to start. Indeed, the destabilization of materials inside the battery (short circuit, overload, etc.) may lead to thermal runaway. The risk is significant during use, transport, after-sales service, handling and at the end of life. With the aim of proposing appropriate measures to reduce the risk of exposure and the related potential consequences, the Group launched a cross-functional project related to managing the risk represented by batteries. Accompanied by the French Center for Prevention and Protection, site visits were carried out in 2020 to conduct a vulnerability analysis.

More in-depth audits in 2021 should make it possible to establish an action plan tailored to the various risk management protocols and processes on each site. The avenues to explore concern buildings (e.g. isolated storage areas) and storage (e.g. appropriate receptacles) and raising risk awareness among teams.

Making used batteries safe is the subject of an additional action plan, in partnership with the Fnac Darty eco-organization. Storage drums that meet safety standards for the storage and transportation of such waste will be rolled out in Q1 2021 across all Group sites (including Darty franchises). In-store teams, warehouse teams and after-sales service teams have been trained in the risks and procedures associated with these batteries.

Risks related to the installation of large appliances

One of Darty's flagship services, the delivery and installation of large appliances involves risks for employees and the customer premises where employees work.

In connection with strengthening safety training courses, monitoring of the completion or renewal of regulatory training – such as gas and electricity certifications – was formalized, and four training courses on road safety were made mandatory.

2020 Results

Scope: Fnac Darty, excluding Nature & Découvertes	France			Group		
	2018	**2019**	**2020**	**2018**	**2019**	**2020**
KPI: Frequency rate of workplace accidents with stoppage time [(a)]	32.03%	32.30%	35.30%	25.39%	27.48%	30.08%
KPI: Severity of accidents at work [(a)]	1.92%	1.82%	2.18%	1.41%	1.46%	1.74%

(a) Fixed-term + open-ended contract workers, excluding Nature & Découvertes, whose entry values for calculating these indicators differ from those of Fnac Darty.

While the frequency rate of accidents with stoppage time increased over the consolidated scope, the Fnac Logistics entity, which includes the Group's main warehouses, saw its rate decrease by 5%, despite the increase in activity due to the context in 2020: it was 25.68 in 2020 compared to 27.07 in 2019. Similarly, the accident severity rate for Fnac warehouses was down 16%: 1.51 in 2020 compared with 1.79 in 2019.

The frequency rate of accidents with stoppage time remains below the national average for 2019 (33.5 – source: "Essential figures for 2019 Health and Safety in the Workplace", published by the French Health Insurance body) but Fnac Darty is aware that the increase in the frequency and severity of accidents must rapidly influence the Company's decisions.

A cross-functional action plan has been drawn up to strengthen the risk management policy from 2020, including the risk of workplace accidents related to unsafe gestures and postures, and road safety. In this area, a list of mandatory training courses for employees was drawn up, in collaboration with the Ethics Committee, and a process to control and monitor the completion of mandatory training courses is currently in construction.

Among the target populations, employees in logistics, delivery and after-sales service are particularly concerned.

2.1.3.2.2 / An action plan in progress for increased road safety

Aimed at protecting the health and safety of a thousand delivery drivers and several hundred home technicians, the Group has made road safety a priority, as seen by the signing of the Charter of employers committed to road safety in 2018.

Following an audit by the French National Institute for Road Safety and Research (INSERR) in 2019, Fnac Darty launched a wide-ranging action plan covering four areas: prevention, training, support, and enforcement. As such, several actions are currently being rolled out: establishment of random regular fleet checks, formalized driving license checks once a month, training in road hazard prevention and eco-driving, more widespread post-accident interviews, and the implementation and sharing of new performance indicators.

The training courses planned for 2020 could not all take place, due to the health context – specifically for eco-driving courses. However, training courses on road hazard prevention and 20 m^3 vehicle maneuverability training resumed at the beginning of 2021. In addition, e-learning modules devoted to identifying driver distractions and post-accident interviews have been developed and made mandatory.

Scope: France (Fnac and Darty)	**2018**	**2019**	**2020**
Number of accidents caused by an employee (fully responsible) / fleet of vehicles owned by Fnac Darty [(a)]	12.15	14.21	8.75

(a) Fnac Darty fleet: light vehicles, utility vehicles, heavy goods vehicles and two-wheelers.

The fall in the number of accidents with full responsibility in relation to the number of vehicles operated by Fnac Darty is largely situational; periods of lockdown and remote working drastically reduced vehicle traffic. Because of this exceptional situation, it is impossible to draw conclusions about the effectiveness of the initial measures rolled out as part of the action plan.

2.2 / Promote sustainable consumption and an educated choice

- **Help customers to make an educated choice**
- **Encourage repairs**
- **Give a second life to products**
- **Ensure waste collection and recycling**
- **Contribute to public debate around sustainability**

Risks	Opportunities
■ Inability to adapt to new customer expectations ■ Inability to find new growth drivers ■ Strengthening of circular economy regulations (across the entire product life cycle)	■ Market growth for "responsible" products (reliable, repairable, consuming less energy, recyclable, etc.) ■ Access to new markets (second hand) ■ Groundbreaking innovations ■ Employee commitment, involved in a meaningful Company project ■ Monetary valuation of unsold goods and waste (cardboard, plastics, polystyrene)

Levers put in place by Fnac Darty	2020 Actions	KPI and indicators monitored
The development of objective customer information and sustainable curation, at the service of eco-design and an educated choice	■ Continuous work of Labo Fnac ■ After-Sales Service Barometer, Sustainability Score and Sustainable Choice: highlighting the most sustainable products ■ Repairability index: Fnac Darty, a forerunner and instigator of best practice ■ Nature & Découvertes' Innovation Division for an ever-more responsible offer	■ **KPI: percentage of products certified as "sustainable choice" in the revenue of eligible categories (Darty)** ■ **KPI: percentage of products with an environmental certification in the Nature & Découvertes offer** ■ **KPI: percentage of Nature & Découvertes revenue generated by products with a positive impact**
Innovations to make repairs simpler and more economical for customers	■ Launch of subscription repair service, Darty Max (and Vanden Borre Life) ■ Development of the WeFix repair company and the After-Sales Service Community ■ Launch of a spare parts sales site ■ Creation of local jobs	■ Number of persons dedicated to repairs ■ Number of products repaired ■ Visits to the website of the after-sales service community
A business unit dedicated to the second life of products	■ Rapid development of the second-hand product offer ■ Acceleration of donations of unsold goods	■ Number of second-hand products sold ■ Number of products donated to associations
Enhanced attention to the proper management of end-of-life of products	■ Continuation of partnerships with the social inclusion body, "Envie" ■ Reorganization of how our waste is managed	■ **KPI: volumes of packaging consumed/revenue** ■ **KPI: volumes of WEEE collected**
Raising awareness among the general public of sustainability issues	■ Cooperation with public authorities (law against waste and for the circular economy – AGEC, sustainability index, etc.) ■ Raising awareness among young people (students, schoolchildren, etc.)	

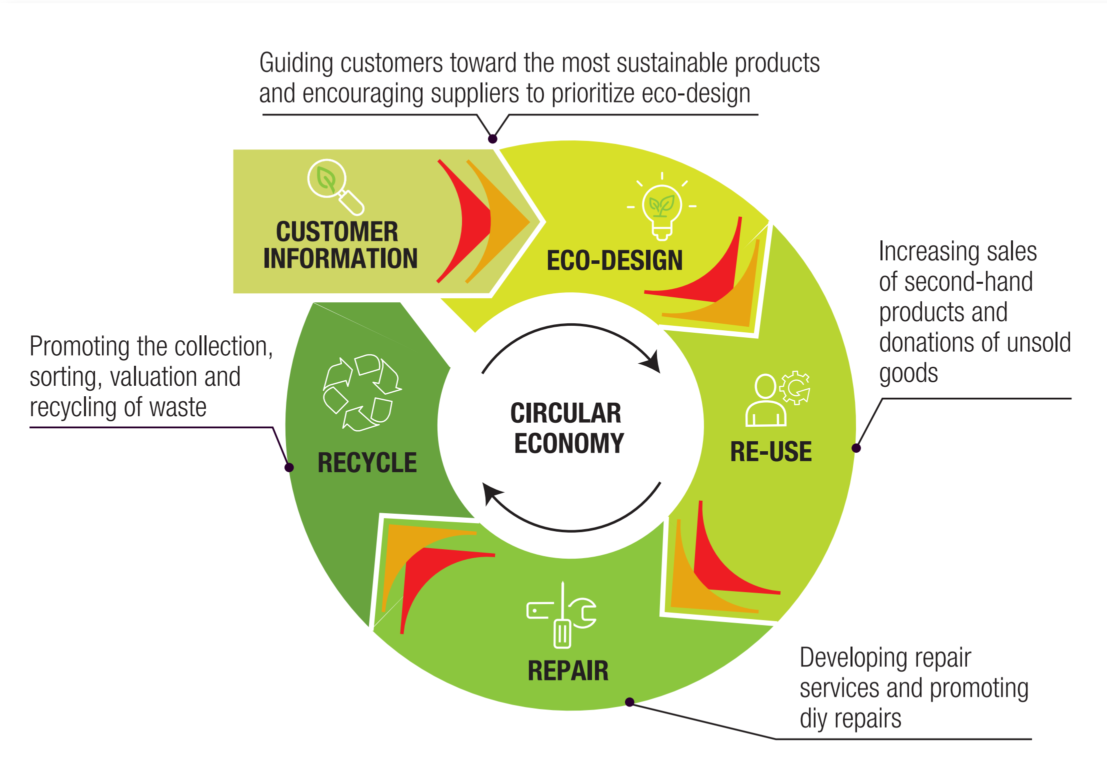
As highlighted by the surveys in France and those conducted each year by the Group, consumers are increasingly aware and concerned about the ethical, environmental and social issues associated with their consumption, and accordingly are changing the way they consume. As such, "responsible consumption" has seen significant growth.

For its "Responsible Consumption Barometer", Fnac Darty surveyed more than one thousand French consumers in the first quarter of 2020: 34% of respondents said they were very committed to more responsible consumption, and 49% said they had reduced their consumption. Of these respondents, 73% cited ecology and ethics as the main reason for this reduced consumption.

While the impact of the Covid-19 crisis on consumption is still difficult to assess, KPMG and FEVAD, in the study "E-commerce and CSR: the Green Deal" (October 2020), stated that there seems to be a consensus on *"the fact that this crisis, like many others before it, will act as a trend accelerator",* and in particular it will accelerate the environmental awareness of online consumers.

In this context, the actions and commitments of companies and brands are scrutinized more than ever. Though quality and price remain the main drivers when choosing a brand for the purchase of a product, the brand's CSR actions are also considered at the time of purchase. Thus, 62% of consumers surveyed by Fnac Darty consider the environmental and social actions implemented "important" when choosing a brand. As for online purchasers, 70% say they prefer sites that promote an eco-responsible approach (FEVAD and KPMG, October 2020).

With repair and consulting in-built in its DNA, Fnac Darty meets these expectations, asserting its positioning through its *raison d'être*: "Committed to providing an educated choice and more sustainable consumption". In real terms, the Group shows its commitment by actioning all the drivers of the circular economy:



For the Group, boosting these drivers is even more crucial since they help reduce its environmental footprint, most of which is linked to the manufacturing phase of products, and to reduce the footprints of its customers and suppliers (see also 2.4).

2.2.1 / HELP CUSTOMERS MAKE AN EDUCATED CHOICE

At a time when customers face an infinite number of choices, for several years Fnac Darty has strengthened its historic mission of advising its customers so they can make an educated choice. This *raison d'être*, reasserted in 2020, is based on strong evidence from the history of the two brands.

As a retailer, the Group is convinced that information is a powerful driver to help advance the market and thus reduce the environmental impact of its business model and that of its customers. In fact, providing reliable and transparent information, not only on a product's performance, but on its repairability and reliability, helps customers to make educated choices, and encourages manufacturers to design more sustainable, higher-quality products.

2.2.1.1 / Helping people to make the best choice is the historic mission of the Labo Fnac

Defending consumers by giving them as much information as possible so they can make an educated purchase is in Labo Fnac's DNA. A unique concept, the Labo has accompanied the banner's customers in their purchases since 1972. Every year, its experts, equipped with a range of sophisticated measuring systems, test the technical performance of hundreds of new electronic products. The Lab's objective scientific methods are recognized by well-known brands that regularly send their prototypes to it for evaluation.

The test results are published each month on fnac.com, and, since December 2016, on labofnac.com, an independent site dedicated to information, that publishes the laboratory's tests along with editorial comments, all with the aim of helping consumers to make the best choice.

There is no equivalent to the Labo Fnac at any other retailer: its culture of independence sets it apart from competitors due to the credibility of its recommendations, and this enables it to develop an unrivaled relationship of trust with consumers. Since 2018, Labo Fnac has been actively involved in the construction of the repairability index initially launched on PCs and extended to smartphones in 2019 (see also 2.2.1.3).

In 2020, 733 tests were conducted on 380 products to compare them based on performance criteria that are not always easy to assess at the point of sale. To give more visibility to the Labo's technical files and appraisals, links with the Fnac e-commerce site have been strengthened. Lastly, to help enhance the expertise of Fnac salespeople, the Fnac Labo now presents its work to in-store teams.

2.2.1.2 / "After-Sales Service Barometer", "Sustainability Score" and "Sustainable Choice": product sustainability highlighted, to enable an educated choice

While the technical features of domestic appliances and multimedia equipment tend to be similar, there are some often overlooked criteria that vary greatly from one brand to the next: the reliability and repairability of a product.

As the leader in after-sales service in France, the Group has a unique database based on these two criteria and over the past three years, it has developed innovative tools to make this data public and relevant, and to highlight the most sustainable brands.

This information meets a real customer need. As a retailer, Fnac Darty is convinced that it can act on this driver to guide them towards more sustainable products and thus encourage manufacturers to design more reliable, repairable products.

The After-Sales Service barometer

Objectives

- **Provide sustainability information for 100% of products (1) in 2022.**
- **Increase the "sustainability score" (2) to 135 by 2025** (compared to 88 in 2017 and 100 in 2019).

In October 2020, on the Fnac Labo site (labo.fnac.com/barometre-sav/), Fnac Darty unveiled its third "After-Sales Service Barometer", the annual study on the reliability and life span of domestic appliances and multimedia equipment, by brand. Conducted in partnership with Harris Interactive and Ademe (French environmental and energy management agency) to guarantee the reliability and objectivity of its results, the study was extended to 63 categories of household and technical products (compared with 15 in 2019), and was based on analysis of over 620,000 repair interventions and a survey of some 65,000 Darty customers.

The third barometer highlighted the increasing reliability and longer life span of major domestic appliances on the whole. It also underlines the effort made by brands to offer spare parts for longer. For the first time, the Group cross-referenced the Barometer's historical data (reliability) with the availability of spare parts (repairability). This aggregation created a "sustainability score".

(1) Categories and products eligible for a sustainability score (electronic products and household appliances, mobility).
(2) Sustainability score for eligible products (base 100 in 2019) weighted by their respective revenues.

Sustainability score

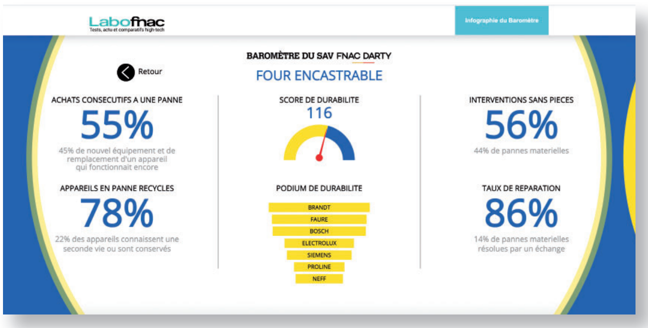
As a result of this assessment work on product repairability and reliability, the Group retroactively calculated appliance sustainability scores since the launch of its After-Sales Service Barometer, determining an average of these scores at 100 in 2019. With this base year, it is now possible to track the performance of domestic appliances and consumer electronics in 63 categories from one year to the next. Weighted in conjunction with the volumes sold by Darty in France, these scores were used to calculate an overall sustainability score.

	2019	2020
Sustainability score (consolidation)	100	105

In shifting from 100 to 105 (all categories combined), this sustainability score shows that, overall, products sold by Darty are increasingly sustainable: the result of actions taken by brands to extend the availability of spare parts and to enhance the design of their products, and thanks to highlighting the most reliable, repairable products in store via the Sustainable Choice label (see below).

To make the data easier to read, Fnac Darty has designed a new dynamic computer graphics, available on the Labo Fnac website (labo.fnac.com/barometre-sav/), which displays the scores of the "universes" (cooking, washing, flooring, etc.), then those of the product categories in each universe (front-loading washing machine, top-loading washing machine, washer-drier). For each universe and subsequently for each category, three indicators are given: an average reliability score, an average repairability score, and an average spare parts availability time.

Finally, upon entering a category, consumers can access the brand ranking, with details of their rating and information on the number of renewals after a breakdown, the number of appliances recycled, the number of operations undertaken without spare parts, and the repair rate.



"Sustainable Choice" by Darty

The lessons learned thanks to the After-Sales Service Barometer help to highlight those brands that make the biggest effort to produce reliable, repairable appliances.

To help customers choose sustainable products, in 2019 Fnac Darty adopted a clear, objective label: "Sustainable Choice" by Darty. The criteria used to design this label and select the products are: breakdown rates noted by Darty's after-sales service, and the commitment of the brands to provide spare parts. Since 2020, it has relied in full on the results of the sustainability score.

The selection is reviewed every three months so as to incorporate new products. In October 2021, 152 products (83 large appliances and 69 small appliances) were highlighted in stores and on the Darty e-commerce site, under the "Sustainable Choice" label.

2020 Results

Following the launch of the Sustainable Choice label, major brands including Miele, Samsung, Beko, LG, Magimix, and Electrolux extended the availability of their spare parts, sometimes over four additional years. As such, Sustainable Choice contributes in practical terms to extending product life spans, not just for Group customers, but for the entire French market.

The interest shown by Darty's customers in these reliability and repairability criteria, and their confidence in the label's objectivity, as seen by the increase in sales of products carrying the "Sustainable Choice" label.

At the end of 2020, Sustainable Choice products accounted for 9% of sales in the product categories eligible for this ranking.

Scope: Darty France	2020
KPI: Share of revenue of Sustainable Choice products in the consolidated revenue of eligible categories in 2020 [(a)] (Darty)	9%

(a) Large and small appliances (excluding accessories).

2.2.1.3 / The repairability index: Fnac Darty, a forward-thinking player

At a time when brands are being held accountable for their role in the planned obsolescence of their products, Fnac Darty took the opposing view on these practices by providing information on product repairability, more than two years before the AGEC Law was implemented.

The methodology developed by the Fnac Labo in 2018 in fact largely inspired the new repairability index used on manufacturers [1] since the beginning of 2021 (see also 2.2.5.1). In addition, for two years the Group participated in the work of several working groups set up by the French Ministry of Solidarity and Ecological Transition and itself led the working group for laptops. This work brought together various associations, such as HOP (Stop Planned Obsolescence), Friends of the Earth, consumer associations, federations of manufacturers, manufacturers, and players in the repair industry.

The majority of the criteria created by the Labo Fnac index were selected: the four criteria used by Labo Fnac were split into five categories: availability of documentation, dismantling and accessibility, the length of time for which spare parts are available, the price of spare parts, and one specific criterion per product category. The open source concept and software restoration, assessed in the Fnac Darty repairability index, were not selected as criteria by the public authorities.

To help establish the barometers, for example as regards ease of product dismantling, the Labo Fnac Darty teams stripped down washing machines and televisions in-house. Staff from WeFix and the Group's after-sales service were also mobilized to dismantle and then reassemble computers and smartphones, as well as to check the referencing of spare parts.

The repairability index contained within the AGEC Law, for which the decree of application was published in December 2020, is established by manufacturers, monitored by the French Directorate of Competition, Consumer Affairs and Prevention of Fraud (DGCCRF), and displayed by the retailer. Alongside the consumer, Labo Fnac aims to play a role in providing consumers with up-to-date information by monitoring a number of indexes.

2.2.1.4 / Nature & Découvertes: stringent criteria for even more responsible purchases

Nature is the main source of inspiration for Nature & Découvertes' teams when selecting and designing products in line with the areas favored by the brand: travel, well-being, flavors, children's games and toys, books, and so on.

However, the Company is acting to make its offer more responsible, aware of the environmental impact related to the manufacture of these products. Created in July 2020 and integrated in Nature & Découvertes' head office, the Sustainable Innovation Division echoes the Company's continuous improvement approach in terms of its product offer.

More sustainable materials, product repairability, improved packaging, optimized transport, and actions to improve the circular nature of products are just some of the projects tackled by this team, helping to promote more responsible consumption patterns. The team focuses on three objectives:

- working towards an even more sustainable product offering;
- limit the environmental impact of the product offer, from design to marketing;
- promote a circular economy.

More specifically, a list of stringent criteria was drafted for all products. They allow enhanced knowledge of the materials used, and potential alternatives if these are better.

The purchasing criteria used are common to all product families. These 25 criteria mean that an assessment can be drafted at the end of each season, and the next collection can be examined critically so the product offer can be directed towards more sustainable and environmentally friendly products, in line with the DNA of Nature & Découvertes. In 2020, more than 1,228 new product references were analyzed.

In terms of the Nature & Découvertes product offer, particular attention is therefore paid to more sustainable alternatives. For instance:

- solar-powered nomadic equipment;
- the provision of spare parts to extend the product's life span;
- recycled materials, e.g. recycled PET textile used to manufacture the "On the road" luggage collection, as well as for the plaids;
- anti-waste solutions, such as Ecojoko, a connected solution that helps everyone reduce their electricity consumption in an effective and fun way;
- a means to act, such as the partnership with EcoTree, which offers a card allowing them to become the owner of a tree in Mayenne.

(1) Applicable since January 1 on smartphones, TVs, washing machines, laptops and electric lawnmowers.

2020 Results

Screening of the two 2020 collections allowed:

- to continue more in-depth product referencing in major areas such as:
  - for minerals: only reference uncolored, non-reconstituted stones, authenticated by gemology certificates, thus improving their traceability,
  - for seeds, plants and wood products: implementation of species and origin monitoring to ensure that none are threatened or invasive;
- to strengthen continuous improvement initiatives in terms of:
  - certified textiles (organic, Oekotex, recycled),
  - vegetable wax candles (not containing palm oil),
  - organic cosmetics,
  - no endocrine disruptors in our cosmetics.

Scope: Nature & Découvertes	2020
KPI: Share of products with an environmental certification [(a)] in the Nature & Découvertes offer	**11%**
KPI: Share of revenue of Nature & Découvertes generated by products with a positive impact [(b)]	**76.4%**

(a) Organic agriculture, FSC Wood, Bio Cosmos Cosmetics, Bio Ecocert Cosmetics, Eco Ecocert Cosmetics, Natural Cosmos Cosmetics, Organic Cotton, Max Avelaard, Oekotex 100.

(b) Products promoting environmental education, crafts, renewable energies, health and wellbeing, education and teaching.

2.2.2 / ENCOURAGE REPAIRS

The manufacturing phase of a product represents up to 80% of the CO_2 emitted by that product throughout its life cycle [(1)]. Extending the lifespan of products by encouraging their repair rather than their replacement is Fnac Darty's strongest driver in reducing the environmental impact of its business. (see also 2.4).

Objective

- **2.5 million products repaired [(2)] in France in 2025.**

In addition, repair also has the positive knock-on effect of creating non-relocatable jobs and offering consumers more economical alternatives.

Key figures (France):

- More than 3,000 employees dedicated to after-sales service;
- Five repair centers;
- over 1,700,000 products repaired or solutions found:
  - +490,000 home repair products,
  - +460,000 products repaired in the workshop,
  - +140,000 products repaired in store,
  - +370,000 products repaired by remote Customer Relationship Centers,
  - +250,000 smartphones repaired by WeFix.

Fnac Darty is the leading repair brand in France. For over twenty years, it has offered repair services as part of the guarantees or billed when the device is no longer covered by guarantee, across all devices, purchased from Fnac Darty or elsewhere.

More than 3,000 employees are dedicated to this activity in remote customer relations centers, at in-store after-sales service counters, at home, in workshops or in WeFix corners, including 2,500 technicians.

In order to be able to offer optimum service quality over the entire product line, repair agreements are signed with each brand to allow the Group to obtain any necessary spare parts more quickly than the times indicated by suppliers.

To reduce the need for home visits and to speed up troubleshooting, video-assistance was on the up in 2020; call center technicians carried out 130,000 video-assistance interventions (compared with 20,000 in 2019) and, in total, more than 700,000 repairs.

(1) Source: Ademe.

(2) Repairs in after-sales service workshops and at home, in-store and call center, WeFix repairs.

2.2.2.1 / Darty Max, making repairs easier

One of the lessons learned from the After-Sales Service Barometer (see 2.2.1.2) is that the price of repairs (of labor and spare parts) is a major obstacle. With this in mind, in October 2019 the Group launched a new service in France: Darty Max, a repair and assistance subscription service for all customers' large appliances, covering those they already possess and those purchased after taking out a subscription, at Darty or elsewhere.

This subscription includes:

- regardless of the product age or banner purchased: troubleshooting by phone, maintenance and use advice, home visit and diagnosis;
- 100% of the repair price is covered for at least seven years after product purchase, and for the full period of availability of the parts given on the Darty invoice (even after this period, home visit and diagnosis are included in the subscription price); and
- reimbursement via gift card of the purchase value for Darty products if they cannot be repaired during this repair period.

Darty MAX is thus seen as a "one-stop shop", where customers can find breakdown solutions for all their large appliances, whether or not purchased at Darty.

In Belgium, a similar subscription-based repair service

In 2020, a similar service was unveiled at Vanden Borre, the Group's Belgian subsidiary: the Vanden Borre Life contract, which covers all major domestic appliances – except hoods – less than seven years old, purchased at Vanden Borre or elsewhere. By expanding its after-sales service, the brand allows Belgian customers to extend the life span of their products, freeing them from the uncertainty of the price of a repair.

2.2.2.2 / WeFix, to extend smartphone life span

The Group greatly strengthened its repair activity with the acquisition of WeFix in late 2018. Founded in 2012, the Company offers a quick repair service (20 minutes on average) for the main smartphone models. In this way, WeFix carries out over 20,000 repairs per month, which are guaranteed for one year, thanks in particular to the use of original or compatible components. In addition to repairs, the experts at WeFix conduct workshop tests and then market some 5,000 reconditioned phones every month.

The arrival of WeFix within the Group helped to speed up the banner's development: in 2020, 22 new repair corners were opened, bringing their total number in France and Belgium to 118. The opening of these new corners also created jobs: in total, 230 people were recruited and 188 people were trained as repair technicians.

While about three-quarters of a smartphone's environmental impact are linked to its manufacture [1], extending the life span of these electronic products plays a major part in reducing this impact. As a result, thanks to the corner repairs carried out and phones reconditioned, 30 tons of electronic waste was averted.

The X-Force solution, the banner's flagship offer, provides tailor-made protection for consumer electronics, and helps to extend the life span of these fragile devices by protecting their screens with a self-curing film. In 2020,180,000 X-Force protections were installed and a new variant was created: X-Force Antibacterial, whose film is treated to destroy 99% of the most common surface bacteria [2]. This was elected product of the year 2021 [3].

2.2.2.3 / The after-sales service community, to encourage a DIY approach

To promote DIY repairs, the Group accompanies consumers by providing usage and maintenance advice through the "after-sales service community", a collaborative site launched in 2018.

This collaborative workspace allows internet users and Fnac Darty technicians to share their experience and knowledge to extend product life spans. It bills itself as a "Wikipedia for Repairs". Its content is checked by a dedicated team of after-sales service experts, who certify the best solutions so they are visible and accessible to the greatest number of people, who can then use them with complete confidence.

On this everyday tool intended to extend the life span of its products, the Group will gradually publish the technical knowledge base that the Darty after-sales service has been building for over twenty years.

In 2020, some 7.4 million online users visited the sav.darty.com Community to find repair solutions:

- 750 maintenance and repair tutorials were available, drawn from the technical knowledge base constituted by the Group over more than 20 years;
- product manuals;
- feedback from customers using the same product;

(1) Source: Ademe.
(2) Test conducted according to the ISO 22196: 2011 standard by the SGS independent laboratory.
(3) Study and test conducted on X-Force Antibacterial by Nielsen/treetz with a total of more than 15,000 consumers in France, end of 2020 – poyfrance.com.

- 44,700 questions and 206,000 answers pertaining to a product or product family, which can be consulted indefinitely;
- assistance from 8 Darty experts, for the technical validation of answers provided by the community.

Thanks to the After-Sales Service Community, visitors looking for a solution can themselves identify the diagnosis for a breakdown. Next, depending on their needs, they can purchase a spare part (see below) or else a maintenance product. If the breakdown is not fixed, they can call upon technical expertise, by subscribing to a Darty service, by calling on after-sales assistance, or by going to the nearest Darty after-sales counter.

Since November 2020, Darty has communicated with its in-store customers to make the after-sales service community more visible, enabling customers to anticipate problems related to the start-up, use and maintenance of a product as soon as it is purchased.

A site dedicated to the sale of spare parts

In order to facilitate DIY repairs, the Group launched a site dedicated to the sale of spare parts in 2020. At pieces-detachees.darty.com, consumers can access more than 8 million product references, with 94% availability of spare parts and delivery throughout France.

2.2.2.4 / Repairs create jobs

Developing the repair business also allows the Group to support employment integration and local jobs. By strengthening its repair services, in particular the Darty Max repair subscription service, Fnac Darty is anticipating future needs for qualified technicians.

In 2020, Darty announced a major recruitment campaign to integrate and train 500 repair technicians: permanent positions, throughout France, often without qualification requirements.

In the absence of a specialized repair curriculum, Fnac Darty trains new technicians in-house every year, developing a specific training program in 2019 for professions in which experts are harder to find: the Tech' Academy. In partnership with two apprentice training centers, the Group opened seven new apprentice classes in 2020 (in addition to the four opened in 2019), for a total of 87 people, including 19 employees who were retraining.

In Belgium, to support the new equivalent service, Vanden Borre Life, the Fnac Darty subsidiary plans to recruit 50 technicians to strengthen its team, which already includes 80 repair specialists.

For its part, WeFix trains around thirty repair technicians in-house each month, through paid training courses within the framework of a professional contract. After six months and having acquired all the necessary skills, the trained employees receive a certificate approved by the AFPA (the French National Agency for Vocational Training of Adults).

In addition, historically the Group has played its part to help the reintegration of the long-term unemployed: since 1984, Darty has been a partner of the "Envie" network (New Enterprise for Economic Reintegration). One-third of the large appliances collected from Darty customers are entrusted to them: Envie sorts, cleans, repairs and reconditions them, and resells them used in its network of stores, thus helping in the reintegration of dozens of people each year.

2.2.3 / GIVE A SECOND LIFE TO PRODUCTS

High customer expectations and the obligation contained in the anti-waste law for a circular economy (AGEC) make the management of unsold and obsolete products a major challenge for the Group.

In order to find sustainable solutions for customer returns, unsold products and those with damaged packaging, and to highlight such products, the Group created a service dedicated to the "Second Life" in 2018.

This activity, which has seen an uptick in growth, is developing several recovery channels:

- resale of second-hand products;
- resale of out-of-service products to discounters;
- donations to associations.

For Fnac Darty, the "second life" of its products balances out its primary activity as a retailer. A major commitment for Fnac Darty, The Second Life offer helps in the shift to longer-lasting products.

Objective

- Integrate 100% of "non-saleable" new products [(1)] into a second life sector by 2025.

With a unique positioning in the Second Life market, Fnac Darty is committed to "cleaning" its internal flows without throwing away or stockpiling, while offering its customers an alternative to new products, with upholding the standards of quality, trust and service for which its brands are known.

(1) Damaged, faded, or repaired products, customer returns, products from suppliers/partners who may need to rely on the Second Life channel, customer products from trade-in which are then reconditioned.

At Fnac Darty, Second Life was not designed as an economic model based on volumes, which would lead to the massive sourcing of products from the Asian and American markets.

2020 saw an acceleration in activity and marked the desire to create a sustainable, responsible Second Life product and service offer. Spread across five sites in France, nearly 30 people are now dedicated to this activity. Fnac Darty and its subsidiaries are continuing to explore other channels to reuse their unsold stock.

2.2.3.1 / Resale of second-hand products

The resale of second-hand products on our fnac.com and darty.com websites concerns products in very good condition, that are exclusively from internal sourcing (no purchases of products abroad or from discount stores):

- products from warehouses with damaged packaging;
- products tested by Labo Fnac;
- products returned by customers within the 14-day cancellation period after making a purchase online; and
- returns replaced with a new product under warranty.

The products are sorted, and the best are offered for sale with, as with the purchase of new products, a cooling-off period of 14 days. They are guaranteed for 6 months.

In 2020, volumes resold under our Fnac 2nd Life and Darty Occasion brands (nearly 60,000 products) increased by 40%.

Other products are sold on to retailers that must sign a responsibility charter committing them, inter alia, to product traceability and data erasure within the framework of the GDPR. In 2020, more than 132,000 products were sold in this way.

2.2.3.2 / Donations to operators in the social and solidarity economy

Thanks to donations, Fnac Darty also strives to give a second life to its unsold products. The “second life” service pushed the development of this activity with more than 216,000 products from Its catalogue donated to associations in 2020 (+55 on 2019).

Alongside long-standing partner associations such as Emmaüs France, Bibliothèques sans Frontières, Envie and Secours Populaire, Fnac Darty extended its commitment to new associative players such as the Agence du don en nature, the Fondation des Hôpitaux de Paris – Hôpitaux de France, Samu Social, Dons Solidaires, Clocliclown, etc.

In parallel, the Group has continued its historical social inclusion actions, each of which, in its own way, also contributes to giving a second life to products: the “Braderie solidaire” sidewalk sale in Dijon, the large-scale collection of books for Bibliothèques sans Frontières, (see 2.3.2.2.3), and the partnership with Envie.

Having first partnered up with Envie in 1984, Darty is now the leading supplier of large broken-down domestic appliances for this company in the social and solidarity economy. While working to promote professional integration through repairs, Envie gave a second life to more than 326,000 appliances in 2020. More than 35% of the tonnage of electrical and electronic waste collected by Fnac and Darty France were reused in this way.

2.2.3.3 / A partnership to reduce food waste at Nature & Découvertes

Since 2019, Nature & Découvertes has partnered up with Too Good To Go, a mobile app dedicated to the sale of unsold items at low prices.

Since the beginning of this partnership, more than 12,000 baskets have been saved, representing more than 27,000 kg of CO_2 avoided, and more than 11,000 kg of food saved.

Nature & Découvertes is also one of the companies that signed the Consumption Date Pact, bringing together ten key commitments to combat food waste.

2.2.4 / ENSURE WASTE COLLECTION AND RECYCLING

Fnac Darty's logistics activity, and its obligations in terms of waste collection in stores or upon delivery, generates large quantities of waste:

- packaging waste (cardboard boxes, plastic sheeting, polystyrene);
- waste electrical and electronic equipment, batteries and other small consumables (cartridges, light bulbs, etc.).

2.2.4.1 / Fnac Darty, the leading WEEE collector in France

Aware of the significant impact of waste electrical and electronic equipment (WEEE), the Group has historically been committed to recovering its customers' old appliances. For more than ten years, customers have been able to return one or more appliances to delivery personnel during home delivery of bulky equipment. The delivery personnel then take these items to the non-profit eco-organization Ecosystem. This organization is an approved WEEE recycler and undertakes to extract any dangerous substances and recycle appliances in the form of secondary raw materials or backfill.

For small equipment, whether or not it was purchased from one of the two banners, the customer is able to deposit items in the collection terminals in all stores so that they are also recycled by Ecosystem.

In France, the volume of equipment collected and handed over to this eco-organization by Fnac Darty (including franchises) amounted to 44,898 metric tons in 2020. This volume of recycled equipment makes the Group the principal retail contributor to Ecosystem.

	France			Group		
Scope: Group (including franchises)	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**
KPI: Volumes of WEEE collected *(in tons)*	45,188	46,373	44,898	49,961	51,489	49,943

The drop in WEEE collections is situational, explained by the closure of stores during lockdown and the equipping of households for remote working or home-schooling. These purchases covered first-time purchases rather than replacements, leading to a drop in the number of appliances removed on delivery.

Other hazardous waste

The Group also collects other waste for approved recycling organizations (batteries, bulbs and fluorescent lights, and ink cartridges). This waste comes from the Company's consumption and from customers, who can place their waste in the collection bins available in all France stores.

As a result, in France more than 85,000 ink cartridges were handed to Ateliers du Bocage, part of the Emmaüs network, which uses recycling as a means of employment integration. Over 8 tons of ink cartridges have been able to be re-used across Fnac Darty as a whole.

In 2020, more than 34 metric tons of batteries and portable accumulators were also collected at Fnac Darty's various sites and sent to recycling organizations.

To actively participate in the recycling of industrial batteries (for Fnac Darty, this covers batteries for electrically-assisted bikes, electric scooters, and other urban transportation devices), the Group also committed to the voluntary recycling program for such batteries, set up by eco-organization Corepile at the request of "Union Sport et Cycles". This commitment will take the form of a financial contribution, from 2021, for each battery brought to market by Fnac Darty.

2.2.4.2 / Optimized management of packaging waste

Fnac Darty's logistics operations mainly produce packaging waste: pallets of products in protective plastic wrap and cardboard boxes from packages delivered to customers' homes or stores as part of the click&collect framework.

Fnac Darty is putting in place two key strategies to limit packaging and the waste it generates: optimization and recycling of packaging.

2.2.4.2.1 / Optimization of packaging

In addition to improving the customer experience, packaging optimization aims to reduce the amount of cardboard and surface area used in warehouses and stores, as well as transport costs.

Since 2018, Fnac Darty logistics sites have possessed a fully automated solution that allowed them to reduce to a minimum the amount of cardboard used through the custom sizing of packages.

This automated system means the amount of cardboard used can be reduced, with savings in terms of floor space and the same amount of volume in trucks.

2020 Results

Group scope (excluding Nature & Découvertes)	**2018**	**2019**	**2020**
Volume of cardboard consumed *(in metric tons)*	3,699	3,917	5,360
KPI: Volume of cardboard consumed/Group revenue *(kg/€m)*	519	533	717
Volume of plastic consumed *(in metric tons)*	552	351	398
KPI: Volume of plastic consumed/Group revenue *(kg/€m)*	70	48	53

Packaging purchases rose sharply in 2020 due to the increase in parcel shipments. Plastic purchases increased at a slower pace because they are more closely linked to store-directed logistics, and efforts were made to eliminate plastic blocking and filling material within the Darty scope.

2.2.4.2.2 / Collection and recycling of packaging

An exclusive Fnac Darty waste processing center in the Paris Region

Founded in 1994 by Darty, the Mitry-Mory waste processing center is a key component of the waste-management policy of the Paris Region. Located close to a warehouse and logistics center handling deliveries to customers in and around Paris, the Mitry-Mory processing center consolidates waste for the region.

This means the Group uses delivery vehicles to take the waste produced by the Darty stores in the Paris Region to the site. In this way, the Group optimizes the cost and impact of its transport operations by avoiding empty runs. Fnac Darty employees then sort through this waste and recycle any materials that they can, particularly shipping cartons, plastic, polystyrene, and electric equipment and electronic waste from returns and in-store collections.

In order to maximize resale value in recycling loops, the processing center has equipment designed to solidify non-compressible volumes, and compact some waste (cardboard, non-hazardous waste, etc.) or produce expanded polystyrene (EPS).

Roll-out of a new organization for waste management

Aware of the impact of the waste generated by its activity, the Fnac Darty Group has always sought to improve its performance in this regard, and anticipated regulatory changes.

In France, up to now, the collection and sorting of packaging waste varied from one banner to the other, and often from one store to another, depending on the regional requirements for waste management and the areas where sites are located.

The Group requested the assistance of the HSE Optimisation firm regarding a mission to optimize all the waste produced by the Group in France, 90% of which consists of recoverable materials.

There are several desired objectives:

- to ensure that sites comply with statutory requirements (the French law on energy transition for green growth and the so-called “5 flux” (“5 flows”) decree, the Environmental Code and the Order on the obligation to keep an outgoing waste register);
- to reduce the proportion of non-recoverable waste by improving the separation of materials;
- to reduce the number of collections by solidifying waste, through investment in compaction equipment;
- to standardize the process for requesting collections and improve the reliability of monitoring the buyback of recoverable materials; and
- to put in place common performance indicators.

For the Group, this involves active participation in the recovery of waste while reducing the costs associated with transporting and processing this waste.

Project implementation involved the setting-up of material sorting equipment and processes to reduce the number of collections. Some sites were fitted with devices to pack materials more tightly in order to reduce the number of journeys, and to package the materials in a way that allows them to be sold to recycling channels.

Initial results of the actions implemented

- the recovery rate increased by 15 points in the last few months of 2020;
- for sites that have set up materials adapted to cardboard and polystyrene: reduction in the number of collections by 80%.

As the new processes were rolled out in the last quarter of 2020, it is too early to accurately assess the optimizations implemented.

The implementation of monitoring software will give central teams a real-time overview of volumes recovered, thus ensuring that the Group's objectives are met. The performance indicators will be monitored and analyzed after six months of activity.

2.2.5 / CONTRIBUTE TO PUBLIC DEBATE AROUND SUSTAINABILITY

Fnac Darty freely shares its data and knowledge generated by its activities with institutions, NGOs and brands, and contributes to parliamentary debates, in order to advance the public debate and encourage concrete measures to promote extending the life span of products and more responsible patterns of consumption.

2.2.5.1 / Cooperative works with public authorities and associations around sustainability issues

Fnac Darty actively contributed to the parliamentary debates during the review of the Anti-Waste Law for a Circular Economy (AGEC): the Group took part in the examinations and round table discussions organized, and requested meetings with the members of government and parliamentarians involved so as to provide an operational insight into issues pertaining to the circular economy, and to provide technical expertise to political decision-makers.

Prior to the bill being presented, the Group opened the doors of Labo Fnac to present its work method on the repairability index (see also 2.2.1.3).

During the parliamentary debates, visits to the repair workshop in Bezons were proposed to the authorities. Along with NGOs in particular, the Group advocated the creation of a repairs fund. Adopting a constructive approach, Fnac Darty also alerted legislators to the social, environmental and economic risks of certain measures, such as extending the legal guarantee of compliance. At the same time, satisfactory compromise solutions acceptable to all stakeholders were put forward proactively: this included an amendment by the rapporteur of the bill to the National Assembly, aiming to prioritize repair over replacement.

Following the enactment of the law, the Group pursued its commitment to the Administration, by helping to draft the implementing legislation of the AGEC Law. At the head of the sub-working group on the application of the repairability index to computers, Fnac Darty thus helped to draft "computing grids" under the aegis of the French General Commission for Sustainable Development (CGDD). The Group responded to all the consultations conducted, sharing its technical and practical observations. This was for instance the case for the draft decrees and orders of the French Directorate of Competition, Consumer Affairs and Prevention of Fraud (DGCCRF) aimed at defining the term "repackaged".

Fnac Darty also supported the behavioral science study, carried out by the Inter-ministerial Directorate of Public Transformation (DITP), to test the repairability index.

Finally, the Group continues to contribute to discussions on the operational implementation of the repair fund, alongside the Administration and eco-organizations.

In 2020, as has been the case for several years, Fnac Darty continued to share its knowledge and data within various groups and bodies:

- continuing the work undertaken with the public authorities to set up the repairability index, Fnac Darty is a member of the monitoring committee for the prefiguration study in progress, on behalf of the French Environment and Energy Management Agency (Ademe), on the establishment of the next sustainability index, scheduled for 2024. The Group provides its expertise and in-depth knowledge of products and their sustainability for this work;
- Fnac Darty spoke at the third Assises de l'économie circulaire (Foundations of the circular economy) organized by Ademe, to illustrate how distributors can play a part in the economic and ecological transition, over two workshops. This event, which was fully digital, was attended by more than 5,000 participants;

- alongside committed companies such as Leroy Merlin and Michelin, Fnac Darty is an active member of the French Sustainability Club. Established and run by the "No to Planned Obsolescence" association (Halte à l'obsolescence programmée), this network of companies aims specifically to develop and share expertise in terms of sustainability, to make a genuine contribution to more responsible commerce. In November 2020, Fnac Darty supported and took part in the Sustainability Summit organized by HOP in collaboration with the "Circular Economy" Chair, ESCP Deloitte;
- under the aegis of Ademe, Fnac Darty contributed to the prospective study on artificial intelligence at the service of repairs. This study [(1)], published in November 2020, aims to explore the contributions (current and especially future) of AI to the sustainability and repairability of home equipment.

2.2.5.2 / Raise awareness among young people and the general public

Thanks to its deep commitment to extending the life span of products, the Group continues to make sustainability a focal point of Darty's communication with the general public. In 2019, Darty's famous "Contract of Trust" slogan was revamped to form the triptych "Price, Advice, Service", to which Darty added the commitment of Sustainability. In 2020, the brand was particularly active on its e-commerce site (highlighting products with the "Sustainable Choice" label and second-hand products) and on social networks: by reaching out to all French people via targeted communication on repairs and reliability, Fnac Darty intends to help raise public awareness of sustainability issues.

For the Group, the aim is to highlight how this historic commitment helps the consumer to make an environmental contribution while also saving money.

This commitment is also shared with the academic world; for instance, the Group acted as an expert advisor to students, in particular during a conference at the Paris School of Management, a workshop at the Urban Mines Chair on the circular economy, and projects conducted with the WebSchool Factory's CFE program and Schoollab's CPI program.

2.2.5.3 / Nature & Découvertes promotes knowledge and experience of nature's riches

Nature & Découvertes raises awareness and mobilizes its community via several means of communication: newsletters, social networks, conferences are all used to highlight environmental and societal actions.

In 2020 for the third year running, the brand held a Fair Friday (as opposed to Black Friday), aimed at turning the spotlight on other "reductions": those of biodiversity, particularly the drastic reduction in the number of wild trees. 13,000 educational booklets were included in orders to raise awareness of tree conservation among the very young. The Nature & Découvertes Foundation has pledged to double the amount collected through rounding-up the till box during the week of Fair Friday, to finance a program of wild tree planting and conservation. More than 140 people attended the live conference to learn all about the tree and its central role in climate and biodiversity issues.

The 2020 conference program also featured well-known people committed to the environment, and several newsletters highlighted actions such as the "Popular Initiative Referendum" fronted by Hugo Clément, or the Citizen's Convention for the Climate.

In Nature & Découvertes' stores, customers were invited to sign the "We Want Poppies" petition in early 2020 – 8,409 signatures were collected in store.

Finally, the program of children's birthday parties and nature outings for all ages continued, imbued with Nature & Découvertes' desire to make all its customers aware of the importance of conserving natural ecosystems.

(1) Impact of Artificial Intelligence on the sustainability and repairability of smart home equipment, Ademe, 2020.

2.3 / Contribute to the economic, social and cultural development of regions

- **Provide access to culture to as many people as possible**
- **Increase the positive impact on the territories (employment and solidarity)**

Risks	Opportunities
■ Loss of brand preference ■ Loss of attractiveness of the employer brand	■ Creation of local jobs ■ Access to new markets ■ Reputation improvement ■ Operational efficiency through local cooperation

Levers activated	2020 Actions	Associated indicators
Opening of franchises in small and medium-sized cities	■ 40 stores opened	■ Number of stores opened
Promotion of cultural diversity Support for artistic creation	■ Creation of a digital medium, La Claque Fnac ■ Continuation of cultural events on the web	■ Number of cultural events
Development of solidarity projects	■ Local projects financed by the Nature & Découvertes Foundation ■ Solidarity operations maintained despite the context	■ Number of books collected for Bibliothèque sans Frontière ■ Number of projects supported by the Nature & Découvertes Foundation

Fnac Darty considers its omnichannel model to be a major asset, offering its customers a unique purchasing experience by providing them with the best digital standards and expert advice from in-store salespeople. This model is also beneficial to maximize the impact of the Group's societal actions.

Opening more stores, thereby solidifying the Group's geographical coverage, allows Fnac Darty to be closer to its customers but also to contribute to the economic activity of medium-sized cities, in particular via the creation of local jobs, support the projects of local associations and improve access to culture for the greatest number of people.

At the same time, commercial sites and stores are a great platform for sharing the Group's policy of social inclusion with customers, by implementing micro-donation programs for partner associations.

Finally, since 1992, the Nature & Découvertes Foundation has contributed to regional momentum by launching and supporting grass-roots associative projects to protect biodiversity and provide education on nature.

2.3.1 / FNAC, A COMMITTED PARTNER IN PROMOTING ACCESS TO CULTURE FOR ALL AND CULTURAL DIVERSITY, ACROSS THE TERRITORY

Fnac, and more recently Fnac Darty, has been committed to proposing and promoting a diversified cultural offer, accessible everywhere in France, for more than 40 years.

Culture is a major component of the CSR policy, and legitimately relies on the territorial store network to promote and ground Fnac's historic commitment at local and national level.

Supported by a cultural scheduling team of 15 employees, and backed by the entire Group, Cultural Action pursues three objectives:

- guarantee access to culture for everyone, wherever they are in France, through free events;
- promote cultural diversity, under the instruction of its expert, committed teams;
- support the vitality of artistic creation and promote the up-and-coming cultural scene.

2.3.1.1 / Culture for all and cultural diversity across France

The Group is committed to promoting the accessibility of culture for all, by proposing cultural events free of charge, allowing creators and audiences to meet one another. In 2020, the health crisis obliged live events, making up the richness of Fnac's cultural action, to be put on hold. However, over the year as a whole, more than 1,300 events were organized in Fnac stores across Europe, with some 300 on the web.

To recap, in 2019:

- 90,000 customers were able to benefit from some 1,700 events in 127 stores across France. Fnac's in-store cultural agenda also features major brand events, such as unmissable events in the music and literary sectors;
- the Fnac Live Paris Festival brought together over 100,000 people for three days of free concerts in front of the Paris City Hall in July;
- For the fourth year running, 15,000 visitors made the most of the Fnac Book Fair, a major literary event in the heart of Paris. The opportunity to discover and meet some one hundred authors and to take part in numerous meet and greets and book-signings.

2.3.1.2 / Guarantee access to culture for all and cultural diversity everywhere in France, against a backdrop of health constraints

Though it was not possible to hold live events during this year marked by the Covid-19 crisis, the Group's cultural action did pursue its commitment to artistic creation and support for the world of culture, by being a standout player throughout the year on digital platforms. As an illustration, in spring 2020, the Group provided full, unstinting support for the SOFA festival, Warner Music's first livestreaming festival: 300 live broadcasts on Fnac's social networks, along with artistic meet-ups in France, Belgium, Switzerland, Spain and Portugal.

2.3.1.2.1 / La Claque Fnac: the launch of a digital cultural medium

The context obliged teams to innovate in order to maintain the link between their customers and the cultural world; this innovation gave rise to a new medium.

In the fall of 2020, Fnac launched La Claque Fnac, its own digital cultural medium, a space for expression, emotions and cultural exchange, offering original digital formats: interview sessions, talk shows, live events, and podcasts. The aim is to provide free, one-click access to rich content that embodies cultural diversity to as many people as possible. An opportunity for everyone to learn about current musical, literary and movie news, to dive into the world of comics or entertainment, and to discover emerging talents and (re)discover timeless artists.

At a time when theaters are closed, the distribution of varied content, covering all sectors of artistic creation, and highlighting the young cultural scene makes a huge contribution to supporting the cultural world.

2.3.1.2.2 / The best of Fnac alive and kicking thanks to the web

At the same time, with the help of its cultural network and the commitment of authors and publishing houses, Fnac, France's leading bookseller, resolved to hold its literary awards in the fall, adjusting to new constraints.

The Prix du Roman Fnac (Fnac literary award) was held in mid-September, and Tiffany McDaniel won with her novel *Betty* (published by Gallmeister), based on the choice of 400 booksellers and brand members.

The Prix Goncourt des lycéens (award for high-school students), the benchmark literary prize, which has become a high point of the literary calendar thanks to its groundbreaking caliber, also fully shifted online, ensuring committed, high-quality discussions between the 14 authors in the running, and 2,000 high-school students. In this turbulent period, Djaili Amadou Amal's *Les Impatientes* was favored by the young jury (published by Emmanuelle Collas), a socially engaged novel about violence against women.

Finally, the Prix BD Fnac France Inter award for comics, presented at the beginning of 2021, was notable in that it rewarded cartoonist Mathieu Bablet for *Carbone & Silicium* (published by Ankama).

Other event formats continue to go digital: in-store meet-ups and signings are shifting to the new "story signing" concept: authors and artists invited to the store sign their work and album incognito, and these are then made available to fans in-store. Many authors come in-store after being invited by Fnac, and are happy to maintain the link with their audiences.

In addition, Fnac continues to partner the "Writer in Residence" chair, created by the Sciences Po institution to introduce students to the humanities and rhetoric.

2.3.1.3 / Expert, committed, and knowledgeable teams to promotecultural diversity

In this particularly complex period, cultural diversity and knowledge were largely embodied by the teams of booksellers and record sellers: in addition to the famous in-store favorites, numerous editorial tips and selections of e-books were also sent to various audiences throughout the year.

In terms of digital reading, Kobo by Fnac is continuing its partnership with the Préludes publishing house and the Babelio website for the fourth edition of the "Tomorrow's Talent" competition.

2.3.2 / INCREASE POSITIVE REGIONAL IMPACTS THROUGH JOB CREATION AND SOLIDARITY

2.3.2.1 / Contribute to local economic activity

Key figures:

- stores account for 71% of total revenue;
- 908 stores;
- 40 stores opened in 2020.

The Group opens new stores every year, thanks to its franchise development strategy, to increase coverage of medium-sized cities. Fnac Darty is convinced that this local presence strengthens the specific bond of trust created over time with its customers.

This strategy is also extremely beneficial to society: it contributes to the creation of local jobs and thus develops economic and social activity in the medium-sized cities where the stores open.

Via the development of its repair services, Fnac Darty is also contributing to job creation, as seen by the launch in 2020 of a vast recruitment campaign for 500 technicians dedicated to repairs (see also 2.2.2.4).

Lastly, Fnac Darty is committed to paying taxes and contributions in each country and municipality where it operates and does not participate in any tax avoidance schemes. For instance in France, the operation of stores and e-commerce sites generates a total of €50 million in local taxes, which directly benefit French local authorities, enabling them to finance their activities (see also 2.5.4).

2.3.2.2 / Socially inclusive projects led by the Group and its customers

2.3.2.2.1 / Nature & Découvertes Foundation, to promote grass roots actions across the country

Since its creation, the Nature & Découvertes Foundation has taken into account the impact of its activity on the environment and is committed to environmental protection. In 1994, the Nature & Découvertes Foundation was created, with the aim of launching and supporting grass-roots associative projects to protect biodiversity and educate about nature. Placed under the aegis of the Fondation de France, it has been a member of the IUCN (International Union for Conservation of Nature) since 2005. The projects supported range from the creation of an associative nursery to participatory science projects, as well as mobilization campaigns or support for associations promoting the conservation of species. The Foundation assists project sponsors of various sizes.

In 26 years, it has financed 2,803 projects for a total of €13.7 million, including 108 projects in 2020.

"Helping Hand" committees, to support local projects

The "Helping Hand" committees finance local projects to protect and educate about nature, in particular thanks to membership of the Club Nature & Découvertes – a share of each membership is paid back to them.

Four committees are held during the year, bringing together members of the Nature & Découvertes Foundation, several experts and some fifteen store employees.

Thus, a hundred or so "Helping Hand" projects are supported each year via four seasonal committees. The projects selected are noted for their strong local base, close to the store, composed of grass-roots actions that often involve committed people who are based locally.

The Nature & Découvertes initiative is unique because, over the following year, it offers a selection of the best local projects chosen by teams of employees themselves via charitable rounding at the checkout (see below, 2.3.2.2.2). Since the team is familiar with the project, they can talk about it with customers who are happy to do their bit when making a purchase, donating an average of 15 euro cents per rounding. The scheme makes it possible to donate between €150,000 and €190,000 in addition to the initial donation made by the Nature & Découvertes Foundation.

In 2021, the Foundation's "Helping Hand" committees will exceed the €3 million mark for local projects as part of the "Helping Hand" program.

2.3.2.2.2 / Stores and websites help facilitate donations in favor of associations

Since March 2015, Nature & Découvertes' customers have been able to choose to round up their purchases to the nearest euro. The euro cents collected are donated in full to a local association supported by the store (see 2.3.2.2.1 below). In 2020, Nature & Découvertes passed the €1 million mark in donations, collecting 6 million micro-donations, i.e. one in six customers since the launch of the Charitable Rounding initiative.

Since 2017, Fnac has also associated its customers to its commitments, by giving them the chance to make small donations when they make purchases on fnac.com or the Fnac Spectacles events site, as well as in Fnac and Darty stores since 2019.

All donations collected via these channels helped to raise the sum of €340,100 in 2020. This generosity from customers helped to support dozens of socially-inclusive projects led by partner associations. For instance, thanks to the partnership with Common Cents, more than €43,500 was collected in favor of five associations. With "Un Rien C'est Tout", €296,600 was made (up 74% on 2019) via micro-donations that contributed to finance socially inclusive projects.

In addition, at the end of the year, during the "Standing Together At Christmas" operation, in stores and on the web, for every €1 donated by customers to the "Un rien c'est tout" association, Fnac Darty pledged to donate an additional €1 to combat violence against women. Thanks to customers' generosity, Fnac Darty donated €100,000 to the association "Du côté des femmes" (On Women's Side), which provides emergency shelter for women who are victims of violence, with or without children, to keep them away from their attackers. With the money raised, more than 15,000 overnight stays will be available to these women. "Du côté des femmes" also offers post-traumatic psychological follow-up and plays a very important role in empowering women as they prepare their move into collective or independent housing.

2.3.2.2.3 / Historical support

Despite the context, the Group continued its historical partnerships:

- a partner of Bibliothèques sans frontières ("libraries without borders"), Fnac organized its eighth large-scale book collection. Fnac works in partnership with its customers at this event, inviting them to donate their books to the association each year. Despite the health context, this new edition broke all records, with 411,000 books collected – far in excess of the previous collection record (264,000 books in 2014). In eight years, 1,476,140 books were thus collected by Bibliothèque sans frontières to support programs facilitating access to education and culture implemented by the NGO in areas that have suffered conflict or natural disasters;
- In partnership with Secours Populaire, Fnac supported the "Braderie Solidaire de Dijon" initiative, now in its twelfth year, which aims both to increase solidarity and culture by mobilizing numerous local talents and involving volunteers from Fnac, Secours Populaire and the Zénith de Dijon performance venue. Previously planned for June and then postponed for health reasons, this must-see event once again caught the imagination and enthusiasm of visitors who took advantage of a wide range of new cultural products – books, CDs, DVDs, toys and video games – at knockdown prices. More than 100 palettes of new products were sold at knockdown prices, raising the sum of €100,972. These funds will allow Secours Populaire to offer over 3,500 vacation days to disadvantaged families as part of its vacation program, "Campagne Vacances";
- a partner of Envie since 1984, Darty continued to provide the social inclusion body with large appliances, which thus gave a second life to more than 326,000 broken-down appliances in 2020 (see also 2.2.3.2).

2.4 / Reduce impacts on the climate

- **Strengthen climate governance and risk management**
- **Reduce emissions generated by transportation and energy from sites**
- **Extend emissions management to products, services and employee travel**

Risks	Opportunities
Strengthening of climate and energy regulations (traffic restrictions, obligation of improved energy performance, etc.) Loss of reputation and attractiveness in the event of damage to the environment and/or failure to take climate issues into account Supply chain disruption *and asset* destruction in the event of extreme weather events	Control of energy-related costs Lower direct costs thanks to transport optimization Resilience of transportation activities by anticipating restrictions Attractiveness to investors of SRI

Levers activated	2020 Actions	KPI
Dedicated governance to incorporate these challenges into the Group's strategy	A Climate Committee that meets quarterly A Group strategy that places sustainability issues at the heart of the business model	**KPI: CO_2 emissions generated by site energy consumption per square meter** **KPI: CO_2 emissions generated by transportation of goods to stores per kilometer traveled or per pallet** **KPI: CO_2 emissions generated by last-mile delivery per delivery** **KPI: CO_2 emissions generated by after-sales service travel per job** **KPI: CO_2 emissions generated by products for repair traveling to after-sales service workshops per repaired product** **KPI: CO_2 emissions generated by "e-commerce" flows per parcel** CO_2 emissions from transportation and energy from sites by revenue
A strengthened strategy and roadmaps for each emission point measured	Drafting by the Climate Committee of roadmaps per sector (store transport, e-commerce, last-mile delivery, after-sales service travel, after-sales workshop flows and energy) Review of emissions reduction target to align with a 1.5°C trajectory	
Identification of climate risks and opportunities	Identification of the main physical and transition risks, with a view to analyzing the impact and level of control of these risks, based on several climate scenarios	
Genuine actions to reduce our emissions and measured results	Measurement of CO_2 emissions by sector and extension of the scopes measured to several scope 3 stations. Investments in renewable energy and energy efficiency Measured results for actions taken to reduce transportation impacts	

Transporting goods from warehouses to stores, delivering a parcel or large appliances to the home, repairing an appliance at home to help a customer, or collecting old equipment: operations (logistics, after-sales service, delivery) are at the heart of the Group's activities. They are one of its key skills and one of its main strengths in this highly competitive sector.

To become Europe's benchmark omnichannel platform, each year Fnac Darty expands its ecosystem and its range of services to seize new market opportunities and to adapt to the expectations of customers, who wish to enhance speed, simplicity and personalization.

However, Fnac Darty is fully aware of the negative impacts that its activities have, mainly greenhouse gas emissions directly generated by the transport of its goods and by the energy consumed on its sites, or indirectly generated by the products distributed in its brand outlets.

Limiting these impacts has become a major challenge for the Group. In response, Fnac Darty significantly strengthened its governance system and set a target for reducing CO_2 emissions aligned with the Paris Climate Agreement. The development of a low-carbon pathway paved the way for an integrated framework to review all the Group's activities.

2.4.1 / STRENGTHENED GOVERNANCE AND STRATEGY

2.4.1.1 / An adapted governance to incorporate the issue at all levels of the Company

Fnac Darty has structured its governance in order to strategically address climate issues.

Acknowledged within several bodies (see also CSR governance), including the CSR Committee of the Board of Directors, these issues are analyzed and steered by a Climate Committee.

Created in 2019, it meets quarterly to monitor trends in the CO_2 emissions generated by its activities, to draft action plans, and to monitor roadmaps of the various operational sectors represented on this committee, as well as to work on extending the low-carbon strategy to other indirect emission stations.

The Executive Committee is represented at this level by the Director of Operations and the General Secretary responsible for Human Resources and Information Systems, CSR and Governance. Alongside them are:

- the CSR Director;
- the Director of Indirect Purchasing – responsible for coordinating the climate roadmaps of the Operations Department;
- the Director of Logistics, Transportation and Flows;
- the Director of After-Sales Service;
- the Director of the Services Policy;
- the Director of Delivery and the Last-Mile Network;
- the Director of French transportation.

In 2019, the members of this Committee were trained on climate issues and carbon footprint measurement.

In order to roll out the Group's low-carbon strategy, managers were appointed in each relevant department and in each country where Fnac Darty operates (Belgium, Switzerland, Spain, and Portugal). These representatives are specifically responsible for measuring the CO_2 impacts of their activities, with the aim of making this measurement more reliable, and creating performance indicators that allow each department to manage their low-carbon roadmap.

With a coordinating role between the Operations Department and the CSR Department, the Director of Indirect Purchasing, in charge of the Company's performance plan, leads the quarterly monitoring of performance and the action plans rolled out, and helps to incorporate reduction targets into economic and operational performance projects.

Finally, the CSR Department coordinates the reporting of CO_2 emissions and the monitoring of roadmaps, remains up-to-day on regulatory issues, communicates with the Group's external stakeholders on their expectations and best practice, and actively participates in the search for solutions to reduce the impact of the Group's activities on the climate.

2.4.1.2 / Management of climate risks and opportunities

In its management of climate-related risks, Fnac Darty takes account of the impacts of climate change for its organization, and the impacts of its activities on climate change.

This analysis from the dual materiality standpoint operates at several levels in the Company.

Risks associated with the impact of the Group's activities on climate change

- **Bodies consulted:** Ethics Committee, Climate Committee, CSR Committee, European Work Council ("duty of care" working group with staff representatives).
- **Main departments:** Internal Audit, CSR, Operations, Purchasing, Retail.

Risks of serious damage to the environment, including several risks related to the worsening of climate change, were identified and are monitored as part of the Group's Vigilance Plan. Among the most significant are those impacts very directly linked to Fnac Darty's business model: the retailing of new products (particularly electrical and electronic products) involves their manufacture, and this stage is often the most significant contributor to a product's total carbon footprint.

The mitigation actions associated with this risk are described in section 2.2, devoted to the extension of product life span, advice and supply.

This risk is regularly assessed by the Climate Committee, and from 2021 onwards will be based on:

- the measurement of CO_2 emissions generated by the products sold;
- the measurement of CO_2 emissions "avoided" by way of repairs and the sale of second-hand products.

The risk associated with the transportation of goods (from warehouses to customers and from warehouses to stores), identified in the Vigilance Plan's risk mapping, is assessed quarterly by the Climate Committee and daily by the managers of the Group's various transport operations. The mitigation actions associated with this risk are described in 2.4.2.2.

Risks associated with the impact of climate change on the Group

- **Bodies consulted:** Climate Committee, Circular Economy Committee.
- **Main departments:** CSR, Operations, Trade, Public Affairs.

The risk of poor integration of climate risks is identified in the Group's risk mapping (see Chapter 6 "Risk factors and management"). Management of this risk is described throughout this Non-financial Performance Declaration, in particular in sections 2.2 and 2.4.

Following several discussions with the Climate Committee and other Group stakeholders, an initial mapping exercise was undertaken by the CSR Department on the physical and transition risks related to the climate. In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in 2021 Fnac Darty will begin assessment work on warming scenarios and the impacts of climate change for the Company over several time horizons.

This analytical work will be undertaken by the Climate Committee and will involve other internal stakeholders (administrative and financial management, Public Affairs Department) and external stakeholders.

General description of risk	Risks identified	Risk management
Transition risks		
Political and regulatory risks Because of its activities (transport, site operations, product retail), the Group is exposed to risks resulting from the desire of governments and Europe to legislate so as to reach national and European objectives for reducing CO_2 emissions, in particular carbon neutrality by 2050.	Traffic restrictions and other regulations related to the renewal of the Company fleet (France): strengthening of the "low-emission area" system, which could apply to all towns and cities of more than 150,000 inhabitants as of 2024; mobility law, which will require quotas for fully electric or rechargeable hybrid vehicles	See pp. 96-98
	Obligation to improve energy performance in existing tertiary buildings (France): the Tertiary Decree (Élan Law) set reduction objectives for tertiary buildings	See pp. 90-92
	Regulatory pressure on climate reporting (Europe): DPEF, Green Taxonomy	See pp. 86-89
	Increasing regulations on products and services (Europe): repairability index, products subject to REP, sustainability index, etc.	See pp. 68-79
Market risks: In response to the climate crisis, supply and demand for certain products and services are changing. The security of investments could be threatened by changes in investment strategies.	Changing consumer behavior, which could reduce their consumption for environmental reasons, or promote alternative distribution channels or players (second-hand, committed brands, etc.)	See pp. 68-80
	Change in investors' requirements, who could withdraw their investment in the event of poor environmental performance or the absence of a climate strategy	See pp. 85-100
Reputation risks: Companies risk seeing their brand image, including their employer brand, undermined if environmental issues are not taken into account in their strategy.	Negative comments on social networks regarding the products and services sold (dissatisfaction with the service provided, product with a negative environmental impact), boycott campaigns, etc.	See pp. 9-17 and pp. 36-38
Physical risks		
Acute risks: Climate change is accompanied by extreme weather phenomena: heat waves, floods, storms, and so on.	Disruption to operations or the supply chain, particularly transportation routes	
	Disruptions to the electrical and telecommunications network that can impact customers' ability to make online purchases	
	Deterioration of working conditions	
	Material destruction leading to the closure of stores or strategic sites	
Chronic risks: Climate change is accompanied by long-term changes – rising sea levels, regular chronic heat waves, and so on.	Deterioration in employees' working conditions and health	
	Disruption to operations or the supply chain	

2.4.2 / PATHWAY, 2020 ACTION PLANS, AND PERFORMANCE

2.4.2.1 / A low-carbon pathway in line with the Paris Climate Agreement

In 2019 and 2020, Fnac Darty worked to create a low-carbon pathway that complies with the global pathway defined by the Paris Climate Agreement.

This pathway was defined in accordance with the recommendations of the Science-Based Targets (SBT) initiative. The sector-wide approach was thus preferred, based on the tools of the Sectorial Decarbonization Approach (SDA) developed by the International Energy Agency.

The target set for Fnac Darty is a 50% reduction in CO_2 emissions by 2030 compared to 2019 [1]. The scope of consolidation covers transportation (direct and indirect emissions) and site energy, and has been extended to all Group subsidiaries.

With the aim of submitting its objectives for approval by the SBT initiative, the Group is working to define an objective for the reduction of its indirect emissions (scope 3) generated by the products it sells, throughout their life cycle, as well as employee travel and IT systems. The measurement of emissions from these stations is currently in construction (see also 2.4.2.3).

2.4.2.2 / Measured carbon impact

Thanks to performance indicators co-built by the CSR Department and business lines, Fnac Darty can now more accurately measure the results of actions implemented and the Group's performance in achieving its reduction objectives. As part of an ongoing progress, the Group intends to improve the monitoring and management of these indicators, so as to make them operational management tools that are integrated within the strategies of each department in the Company.

The data collected to date relate to:

	Scope 1	Scope 2	Scope 3
Sites' power – electricity, gas, fuel oil, urban heating and cooling, refrigerants	×	×	×
B2B – transportation of goods between warehouses and stores (subcontracted activity)			×
B2C e-commerce – shipment of parcels to customers' homes (subcontracted activity)			×
B2C Last-mile delivery – delivery of large appliances and large televisions to customers' homes (carried out by Darty or by subcontractors)	×		×
In-home work – technicians' travel routes (carried out by Darty in France and Vanden Borre in Belgium)	×		×
After-sales service goods flow – transportation of broken products between repair shops and stores, and transportation of spare parts (subcontracted activity)			×
Upstream transport – transport of own-brand products from factories to warehouses (subcontracted activity) (Darty France only)			×
Business travel – service and company vehicles, train, plane (only France)	×		×
Branded products sold – raw material extraction, manufacturing, upstream transportation, customer travel to stores, use and end of life			× *estimate*
Work commutes (France only)			× *estimate*

(1) *In 2020, the Group updated the calculation of its carbon footprint for activity in 2019. In fact, 2018, initially chosen as the base year for the objective, is no longer comparable to 2019 and 2020.*

For the past several months, the Group has been working to extend the measurement of its emissions to several scope 3 items deemed material:

- products (throughout their life cycle);
- work commutes and business travel;
- digital technology;
- waste;
- packaging consumption.

2020 Results

For the items included in the reduction objective (transport – excluding business travel and upstream transport – and sites' power – excluding fugitive emissions), the carbon footprint is significantly lower in 2020 than in 2019, the base year [1]. This can be explained in part by the global health crisis, which obliged the Group to close its stores for several months of the year. However, the drop in emissions is even greater when brought down to revenue, explained by the results of the actions undertaken by the various transportation and energy sectors in France and in the European subsidiaries: optimization of transportation plans and loads, purchase of renewable electricity, development of remote troubleshooting solutions, and so on. These actions and their results are described in detail in this chapter.

Equivalent CO_2 emissions [a] *for the items included in the reduction objective*	**2019**	**2020**	**Change**
Scope 1 *(in t eqCO_2)*	14,542	13,301	(9)%
Scope 2 *(in t eqCO_2)* (market-based) [a]	7,030	1,766	(75)%
Scope 3 *(in t eqCO_2)*	47,177	47,289	0%
TOTAL IN ABSOLUTE TERMS *(in t eqCO_2)*	**68,750**	**62,356**	**(9)%**
TOTAL IN INTENSITY *(in t eqCO_2/€m of revenue)*	**9.57**	**8.34**	**(13)%**

(a) *The method used is market-based* (based on emission factors specific to the suppliers from which the Company purchases its electricity). Location-based results *(with the emission factors of the country's average electricity mix) can be found in 2.4.2.2.1 below. See also the methodological note.*

The following paragraphs aim to accurately describe the mitigation policies implemented to limit the environmental impact of the various items measured and steered, the actions taken in 2020 and the relevant performance, as well as high-priority areas for 2021/2022.

In order to control the reduction of CO_2 emissions generated by these various flows, environmental performance indicators are now analyzed by cross-referencing them with economic and operational performance indicators.

2.4.2.2.1 / Energy consumption of sites

With more than 1,600,000 m² of warehouses, stores and offices, the energy consumed by the Group's sites is a substantial source of its CO_2 emissions, since they represent approximately 14% of the total emissions recognized within the scope of the emissions reduction objective.

For the past several years, in order to improve the energy efficiency of its sites, the Group has rolled out centralized technical management systems (CTM) and LED lighting deployment projects. In addition, as part of the renewal of its air conditioning and heating systems, Fnac Darty prioritizes less energy-intensive systems and is stepping up its maintenance operations to ensure that its equipment is properly adjusted and avoids over-consumption of energy.

As part of its responsible purchasing policy, the Group is increasingly sourcing energy from renewable sources for its electricity and gas.

(1) *Initially set at 2018, the base year for the emission reduction objective was set at 2019, due to material changes in methodology between 2018 and 2019, making 2018 non-comparable with 2019 and 2020.*

Actions and Performance 2020

Direct purchase of renewable electricity

In order to reduce the carbon footprint associated with its energy consumption, in 2019 Fnac Darty signed a *Power Purchase Agreement* (PPA) with the wind energy producer Valeco for 2020 and 2021.

Since January 2020, the electricity produced by the Fontanelles wind farm, operated by Valeco, has accounted for more than 14% of the annual consumption of Fnac and Darty sites in France. Located in Occitania, this output farm with a purchase obligation has six wind turbines and an installed capacity of 7.8 MW.

Solvay Energy Services, in its capacity as balance responsible entity, supplier, and renewable energy aggregator, manages the electricity generated by the wind farm and guarantees continuity of supply for Fnac Darty.

Elsewhere in the Group, subsidiaries continue to source electricity from renewable sources.

Share of renewable energy in electricity purchases	2020	Change
Fnac and Darty France	14.4%	not applicable
Fnac Belgium and Vanden Borre	95.1%	0.4%
Fnac Spain	100%	=
Fnac Portugal	100%	67%
Fnac Switzerland	87%	(10)%
Nature & Découvertes	100%	=

Energy efficiency actions

The Group continued to roll-out technical building management across the Darty premises: 110 sites are now covered. Also on the Darty premises, the Group has been conducting lighting retrofit programs, implementing LED solutions in seven stores.

In France, based on a kWh/m² ratio, the network's energy consumption is down by more than 8%. This decrease is mainly due to temperature variations (DJU: -7%) and the impact of the Covid-19 pandemic (stores were closed for two months), although energy savings were offset by factors such as the extension of the ventilation systems' operating hours by four additional hours per day since the resumption of normal business in France, and the operation of ventilation equipment that supplies only fresh air. **The decrease is also due to the end of the roll-out of centralized technical management at the most energy-intensive sites across the Darty premises and LED relamping.**

However, **CO_2 emissions associated with this energy consumption recorded an even more substantial decrease, linked to the increased share of renewable energy sources in the Group's energy mix and, in the case of France, to the change of energy supplier for the non-renewable share** (the suppliers selected by Fnac Darty have different energy production capabilities that produce far fewer emissions than that of the previous partners).

France (Fnac and Darty)		2019	2020	Change
Energy consumption [(a)] of sites per m² *(kWh/m²)*		116	106.4	(8.3)%
KPI: CO_2 emissions generated by energy consumption [(a)] of sites per m² *(kg CO_2eq/m²)*	**Market-based**	**10**	**5.9**	**(41)%**
	Location-based	*11.2*	*9.9*	*(11.6)%*
CO_2 emissions generated by energy consumption [(a)] of sites *(t CO_2eq)*	Market-based	12,249	7,167	(41.5)%
	Location-based	*13,637*	*12,105*	*(11.2)%*

(a) Energy consumption of sites includes the consumption of electricity, natural gas and energy from district heating and cooling networks.

Group		Comparable scope of consolidation excluding Nature & Découvertes 2019	2020	Change	Current scope including Nature & Découvertes 2019	2020	Change
Energy consumption [(a)] of sites by surface area *(kWh/m²)*		120	108	(10)%	120	107	(11)%
KPI: CO_2 emissions generated by energy consumption of sites per m² *(kg CO_2eq/m²)*	**Market-based**	**9.4**	**5.3**	**(44)%**	**9.4**	**5.2**	**(45)%**
	Location-based	*16.6*	*14.6*	*(12)%*	*16.6*	*14.3*	*(14)%*
CO_2 emissions generated by energy consumption of sites *(t CO_2eq)*	Market-based	14,863	8,333	(44)%	14,863	8,544	(42.5)%
	Location-based	*26,185*	*23,118*	*(12)%*	*26,185*	*23,514*	*(10)%*

(a) Energy consumption of sites includes the consumption of electricity, natural gas and energy from district heating and cooling networks.

Fugitive emissions (direct emissions) – scope 1

As part of its ongoing progress, Fnac Darty is working to improve how it monitors and measures fugitive emissions from refrigerant leaks. For the Fnac Darty France scope, associated CO_2 emissions totaled 1,385 t CO_2eq, down by 26% compared to 2019. This is due to the closure of some stores as well as actions taken to improve how the air-conditioning systems are serviced and monitored.

The Group will aim to extend the measure to other countries in 2021.

Priority areas for 2021–2022

Fnac Darty is aiming to extend its responsible purchasing policy to its energy supplies. At the end of 2020, the Group launched an invitation to tender in France to consider the possibility of concluding a new long-term PPA (Power Purchase Agreement) for additional renewable electricity capacity in the future and/or the possibility of relying on electricity generated from guaranteed renewable sources on the market.

The Group intends to continue retrofitting its lighting with LED and technical building management solutions, set up technical building management in certain warehouses, and upgrade existing technical building management systems across Fnac stores. Finally, Fnac Darty France intends to set up an Energy Management System in 2021 or 2022.

2.4.2.2.2 / Goods transportation between warehouses and stores

This is a key skill for the Group, and Fnac Darty Logistics takes considerable strength from the complementary nature of the two banners. Every day, thousands of products pass through warehouses and stores. To service its 908 stores, the Group has a network of 14 warehouses in Europe.

To limit the impact this road transportation has on air quality, noise pollution and global warming, the Group focuses its efforts on four drivers:

- optimizing transportation plans and the warehouse network to limit the distances traveled by products;
- maximizing and optimizing truck loading;
- prioritizing transportation providers committed to environmental sustainability;
- developing multimodal transportation.

Actions and Performance 2020

In 2020, Fnac Darty France conducted a full review of its transportation plan for France, with the aim of:

- optimizing distances by reducing traction to the regional hubs;
- optimizing truck loading through pooling with third parties;
- prioritizing more modern vehicles that release fewer CO_2 emissions and fine particulates (Euro 6, CNG, biofuel).

This new transportation plan has led the Group to conclude contracts with carriers committed to environmental sustainability and, in doing so, 9 hubs out of 11 have signed up to the Objectif CO_2 program developed by Ademe, and are therefore committed to reducing their CO_2 emissions.

To further improve the optimization of truck loading, Fnac Darty has turned to transportation providers offering to pool their distribution with other players in the sector.

Since 2006, Nature & Découvertes has used rail/road transport to deliver goods to be sold at some of its stores. Around 15 stores in the south of France are supplied by rail and road. In 2020, this multimodal transportation saved 231 tons of CO_2 equivalent.

Lastly, as part of its process of continuous improvement, the Fnac Darty transportation teams initiated discussions with their main providers on measuring and reducing the CO_2 footprint of their fleets.

In 2020, emissions generated by this transportation fell sharply (-15%). This is due to the closure of stores during lockdown, although not exclusively because there is still a decrease, and an even more significant one at that, when emissions are reported by the palette or kilometer. In fact, the actions taken to optimize the transportation plans and loading have contributed significantly to improving performance in this major flow for the Group.

	France (Fnac and Darty)			Group					
				Comparable scope of consolidation excluding Nature & Découvertes			*Current scope including Nature & Découvertes*		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
KPI: CO_2 emissions per pallet transported *(kg CO_2eq/pallet)*	**16.9** [a]	**15**	**(11)%**	**not available**	**not available**	**not available**	**not available**	**not available**	**not available**
KPI: CO_2 emissions per kilometer traveled *(kg CO_2eq/km)*	**not available**	**not available**	**not available**	**5.47** [a]	**5.16**	**(5.7)%**	**5.47** [a]	**3.71**	**(32)%**

(a) Data restated following a revaluation of the average fuel consumption of the vehicles used.

	France (Fnac and Darty)			Group					
				Comparable scope of consolidation excluding Nature & Découvertes			*Current scope including Nature & Découvertes*		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
CO_2 emissions from warehouse to store flows *(t CO_2eq)*	21,645 [a]	18,448	(15)%	26,326 [a]	22,784	(13.5)%	26,326 [a]	23,154	(12)%
CO_2 emissions per store *(t CO_2eq/store)* [b]	35 [b]	28	(18.5)%	34 [b]	28	(15.5)%	34 [b]	25	(25)%

(a) Data restated following a revaluation of the average fuel consumption of the vehicles used.
(b) Franchises included (because they are restocked by the Group).

Priority areas for 2021/2022

In France, a new transportation scheme for the Paris region is pursuing the same objectives of optimizing distances and loading. The environmental performance criteria are therefore included in discussions with the transportation providers and the Group is planning on exclusively using vehicles that run on bio CNG for distribution for the region – i.e. 45 vehicles in low season – with expected CO_2 gains of around 1,000 tons of CO_2 in a full year. In addition to a reduction in greenhouse gas emissions, the level of fine particulate emissions will also fall significantly.

To reduce emissions in flows to the province, Fnac Darty has entered into discussions with its main suppliers to convert part of their fleet to vehicles that release fewer emissions (specifically biofuels).

2.4.2.2.3 / Shipment of parcels to customers' homes or collection points

E-commerce delivery covers parcels delivered by couriers – more than 18 million parcels shipped in 2020, of which over 15 million originate from France.

The Group's omnichannel model reduces the impact of e-commerce activity, since many products ordered online are collected by customers in store via "click&mag" (parcels delivered from the warehouse to the store) or "click&collect" (parcels from in-store stock).

External and internal studies [1] have shown that transporting parcels for collection in-store releases between 25 and 70% fewer CO_2 emissions than transporting parcels for home delivery (excluding the customer's transport). In fact, some of these parcels pass through store replenishment trucks [2] and others come directly from in-store stock. As well as a reduction in the number of on-road vehicles, emissions are lowered by reducing packaging, given that some products are no longer overpackaged – the CO_2 footprint of packaging is not recognized to date.

Furthermore, for parcels delivered to customers' homes or "collection points" by couriers, the Group prioritizes transport providers that are certified as "carbon neutral", such as Colissimo et Chronopost, and that are investing in renewing their fleet and that already exclusively use electric vehicles to serve many towns and cities in France. In France, around 50% of parcels delivered are sent via Colissimo and Chronopost [3].

Actions and Performance 2020

The emissions associated with this activity are up on 2019. This increase is largely due to the public health situation, as physical sales moved entirely online during the lockdown periods – a phenomenon that has continued post lockdown. As such, the number of parcels shipped shot up by 50% in France, around 70% in Belgium and Portugal, almost 100% in Spain, and up to 170% in Switzerland.

Against this background of a global pandemic, the increase in online orders from French overseas departments and regions, as well as from abroad, also led to an increase in shipments by air, which contributed to the deterioration in CO_2 emissions for this flow.

	France (Fnac and Darty)			Group					
				Comparable scope of consolidation excluding Nature & Découvertes			*Current scope including Nature & Découvertes*		
	2019	**2020**	**Change**	**2019**	**2020**	**Change**	**2019**	**2020**	**Change**
Number of parcels shipped *(in thousands)*	10,053	15,765	57%	11,513	18,552	57%	11,513	18,880	60%
CO_2 emissions generated by the shipment of parcels *(t CO_2eq)*	5,313 [a]	8,350 [b]	69%	5,909 [a]	9,789 [b]	66%	5,909 [a]	9,963 [c]	68%

(a) Data recalculated to include an update to emission factors and to exclude shipments of spare parts (now recognized in the "after-sales visits" flow).
(b) Of which over 6,610 tCO_2eq offset by service providers.
(c) Of which over 6,780 tCO_2eq offset by service providers.

(1) Studies carried out on the basis of CO_2 emissions declared by Fnac Darty service providers (see Methodology note).
(2) Methodology note: if the parcel follows this flow (replenishment trucks), its carbon footprint is included in B2B goods transportation emissions, rather than e-commerce transportation.
(3) Methodology note: Fnac Darty recognizes CO_2 emissions from parcels delivered by these service providers as "carbon neutral".

In France, the slight increase in emissions reported per parcel is largely due to the increase in home deliveries (only possible service during the two months of lockdown) to the detriment of shipments made to stores (as part of the in-store collection service, "click&mag"). As a result, in France, the portion of parcels for in-store collection fell from 43% to 24%, which had a significant impact on CO_2 emissions: according to our calculations, home deliveries generated on average 66% more CO_2 emissions compared to in-store deliveries (see below).

	France (Fnac and Darty)			Group – Current scope including Nature & Découvertes		
	2019	**2020**	**Change**	**2019**	**2020**	**Change**
KPI: CO_2 emissions linked to e-commerce flow per parcel *(kg CO_2eq/parcel)*	**0.528**	**0.53**	**0.2%**	**0.51**	**0.527**	**3.5%**
CO_2 emissions linked to e-commerce flows per collection point delivery	not available	0.21	not available	not available	not available	not available
CO_2 emissions linked to e-commerce flow per home delivery	not available	0.63	not available	not available	not available	not available

Since 2020, Fnac Darty has calculated CO_2 emissions generated from parcels based on the CO_2 reports of its service providers. The service providers chosen to transport parcels to stores in France (for the in-store collection service) have CO_2 reports that differentiate between the service level: home or store delivery. See also the methodological note.

Nevertheless, following the announcement of a second lockdown, Fnac Darty implemented a certain number of actions – more favorable delivery times, sales promotions – to encourage its customers to choose in-store delivery to those stores that remained partially open (closure of "non-essential" departments and complete closure of N&D stores) in contrast to the first lockdown. The European Sustainable Development Week was chosen to help highlight the benefit of in-store delivery in terms of carbon footprint and a sales promotion whereby a percentage of the profits went to the GoodPlanet Foundation was initiated.

These actions helped to support the in-store collection service and thus limit the carbon footprint. Considering that the weight of in-store collection during the second lockdown would have remained the same as that of the first lockdown had these actions not been implemented, **the Group thus avoided home delivery for more than 470,000 parcels and saved more than 126 tons of CO_2 equivalent.**

Despite the situation, Fnac Darty also continued to develop "click&collect" in France, which contributed to a corresponding reduction in the number of parcels on the road: **in 2020, more than 3.2 million orders were delivered from in-store stock, which decreased the CO_2 footprint associated with packaging, and the CO_2 footprint of home deliveries was thus avoided.**

Service providers taking action to help reach carbon neutrality in France were prioritized: in 2020, emissions from **75.5% of parcels shipped in France were offset by these service providers (Colissimo, Chronopost, DPD, Top Chrono), i.e. more than 6,780 tons of CO_2 equivalent.**

With a view to reducing CO_2 emissions generated from shipping parcels, **Fnac Darty banned shipments by air in Europe as of September 2020, which is expected to save 240 tons of CO_2 equivalent per year [(1)].**

Lastly, Fnac Darty maintained and developed its partnership with Stuart, a bicycle delivery service from its stores. This service is available in 12 French metropolitan areas and helps to reduce the carbon footprint of around 1,500 deliveries per month and up to 5,000 in peak season.

Priority areas for 2021–2022

Fnac Darty is continuing to look for new partners to reduce CO_2 emissions associated with e-commerce flows. For two-hour Chrono delivery and delivery by appointment, one of the Group's selection criteria for service providers is their environmental performance.

In addition, Fnac Darty plans to continue to use its omnichannel model to optimize delivery and reduce emissions generated by this flow. In this respect, the Group wants to involve its customers more in this objective. In line with its mission to enable customers to make an educated choice, the Group has started to provide customers with new information on its websites, showing them the delivery method with the least impact. When they select their delivery method, the most environmentally friendly option – from a logistics point of view – is identified.

(1) Estimated according to volumes dispatched by air to Europe in 2019 and the associated CO_2 emissions.

This project, which is still in the pilot phase, was launched on fnac.com in France and will be extended to darty.com. The aim will be to encourage customers to select the in-store collection option for products already in stock or which can be restocked using the store's own vehicles.

However, Fnac Darty is aware of the carbon footprint associated with customer travel and is working to measure this impact and to raise awareness among its customers.

2.4.2.2.4 / Delivery of large appliances to customers' homes

Fnac Darty has the biggest network of local logistics centers in France, comprising 86 delivery platforms spread out across the whole of France. From these sites, the Group's teams and subcontracted service providers deliver major appliances (large domestic appliances and TVs) to customers' homes, where they install them and collect their old appliances under the "2 for 1" WEEE recovery service (see also section 2.2.4.1). For the portion operated by the Group's teams, the fleet consists of approximately 450 fully owned vehicles.

For several years now, the Operations Department has been engaged in research aimed at optimizing its delivery routes and modernizing its fleet of vehicles to reduce the impact of delivery.

Actions and Performance 2020

In 2020, the Delivery Department worked on two areas: replacing the fleet with less polluting vehicles and overhauling the range of delivery services to reduce delivery failures (and therefore re-deliveries).

Fleet replacement

Fnac Darty France took advantage of the need to replace its fully owned fleet to acquire 20 m^3 trucks powered by natural gas: 35 trucks were delivered in 2020, i.e. 8% of the French fleet. For the time being, and for reasons of availability of CNG supply sources, these trucks are being deployed in Paris, Toulouse, Strasbourg and Lyon.

This project makes it possible to:

- reduce CO_2 emissions and other pollutants;
- plan ahead for future restrictions on the movement of diesel-powered trucks in large metropolitan areas.

Furthermore, the delivery teams are working in tandem with their subcontractors on mainly using a fleet of vehicles that release fewer CO_2 emissions.

Reducing delivery failures

In 2020, the Group reviewed its delivery policy, with the aim of reducing delivery failures by acting on their root causes: customer not at home, customer changing their mind, incorrect installation classification (built-in/freestanding) requiring an order change, incorrect labeling of the delivery constraints (sending one person to an address that needs equipment to be carried, for example).

To reduce delivery failures associated with customers not being at home during delivery, the Group has rolled out a "2 hours' notice" system, which notifies customers of a more precise delivery window than previously. A project to optimize the installation quality of built-in large domestic appliances has also been launched.

In France, despite a significant increase in activity (+12%, i.e. +200,000 deliveries compared to 2019), CO_2 emissions have decreased both in absolute value (-1%) and in intensity (-11.7%).

This fall is partly due to the Covid-19 health crisis: lack of traffic during the periods of lockdown led to reduced fuel consumption in the first and second quarter of 2020.

However, the introduction of trucks powered by compressed natural gas (including bio CNG) and actions taken to reduce delivery failures also contributed to this fall:

- **by significantly reducing the rate of return, the Group avoided more than 10,500 deliveries, i.e. the equivalent of approximately 1,800 tons of CO_2 equivalent [(1)];**
- **the introduction of CNG trucks saved more than 6 tons of CO_2 equivalent [(2)].**

Furthermore, during the two lockdowns, Fnac Darty pooled part of its e-commerce flows with that of delivery of large appliances, which improved productivity by optimizing delivery routes and truck loading.

(1) Estimated on the basis of 6.18 kg CO_2eq per delivery.
(2) Estimated by converting kilograms of gas to fuel (based on a consumption rate of 16 l per 100 km).

	France (Fnac and Darty)			Group		
	2019	2020	Change	2019	2020	Change
CO_2 emissions generated per last-mile delivery *(in kg CO_2eq)*	**7.0**	**6.18**	**(11.7)%**	**7.14**	**6.21**	**(13)%**

	France (Fnac and Darty)			Group		
	2019	2020	Change	2019	2020	Change
Number of deliveries *(in thousands)*	1,749	1,960	12%	2,019	2,270	12%
CO_2 emissions generated per last-mile delivery *(in t CO_2eq)*	12,236	12,109	(1)%	14,416	14,090	(2)%

Priority areas for 2021/2022

The Group intends to continue its efforts to reduce delivery failures. This will mainly be achieved through a better classification of the delivery at the time of purchase.

In order to optimize loading, Fnac Darty intends to expand delivery on behalf of third parties. Optimization will also be achieved by taking better account of traffic when planning delivery routes.

As part of the delivery personnel training program, eco-driving courses will also be offered.

In addition, the Group intends to prioritize diesel-alternatives in its future replacements for the delivery trucks.

2.4.2.2.5 / Home after-sales repairs

In France, approximately 650 Fnac Darty technicians carry out around 1,800 home service calls every day to repair customers' appliances that have broken down. This service is also available in Belgium and is carried out by Vanden Borre. While this activity helps to avoid CO_2 emissions by extending the life span of products (see also section 2.2.2), it too has an impact in terms of technicians' travel.

For several years, the Group has been developing remote assistance solutions to limit the number of service calls. In fact, in 40% of cases, breakdowns reported by customers are not really breakdowns, and maintenance or usage advice is enough to solve the problem. It is increasingly easy to troubleshoot actual breakdowns remotely, thanks to the widespread availability of video, technicians' advice delivered from remote customer service centers, or technology that allows for remote control of certain appliances such as smart TVs. However, when necessary, the Fnac Darty teams will visit.

To reduce emissions generated by the technicians' fleet and to meet the requirements of the French Mobility Orientation Law (LOM) – which stipulates that companies managing a fleet of more than 100 vehicles under 3.5 tons must gradually replace their fleet with vehicles that release less than 60 g/km CO_2 – as well as those of future traffic restrictions (i.e. "low emission zones"), the Group conducts feasibility studies and tests with less polluting vehicles.

2020 actions and performance

The emissions generated by this activity are down 1.1% compared to the previous year, mainly due to the drop in activity associated with the Covid-19 crisis but also due to "avoided" service calls. In fact, the roll-out of remote assistance solutions has been stepped-up, with the use of an app that enables technicians to categorize breakdowns properly, in order to avoid unnecessary visits.

The rate of repairs requiring a single service call significantly increased in 2020, resulting in a reduction in the number of visits, and therefore a drop in associated CO_2 emissions. In this respect, based on the "right the first time" repair rate recorded in 2019, **this reduced the number of service calls by over 6,100, i.e. approximately 39 tons of CO_2 equivalent [(1)].**

However, **in terms of per service call, emissions were slightly up:** the number of service calls fell but the distances traveled remained the same, which lowered performance in 2020. Furthermore, since 2020, emissions from this flow have included the flow of spare parts for repair technicians; this flow accounts for more than 40% of scope 3 emissions for "Home after-sales visits" and associated emissions increased by nearly 30% between 2019 and 2020 due to delivery of heavier spare parts (associated with increased sales of large televisions and therefore a greater number of service calls for these products requiring heavy components).

At a comparable scope of consolidation, i.e. excluding this flow of spare parts, CO_2 emissions therefore decreased both in absolute value and in intensity.

(1) Estimated on the basis of 6.43 kg CO_2eq per service call.

	France (Darty)						Group		
	Comparable scope of consolidation excluding flow of spare parts			*Current scope including flow of spare parts*			*Current scope including flow of spare parts in France*		
	2019	**2020**	**Change**	**2019**	**2020**	**Change**	**2019**	**2020**	**Change**
KPI: CO_2 emissions generated by after-sales service travel / service call *(in kg CO_2eq)*	**5.53**	**5.46**	**(1)%**	**6.26**	**6.43**	**3%**	**6.48**	**6.37**	**(1.7)%**

	France (Darty)						Group		
	Comparable scope of consolidation excluding flow of spare parts			*Current scope including flow of spare parts*			*Current scope including flow of spare parts in France*		
Absolute	**2019**	**2020**	**Change**	**2019**	**2020**	**Change**	**2019**	**2020**	**Change**
Number of home after-sales repairs	706,000	680,000	(3.8)%	706,000	680,000	(3.8)%	752,000	740,000	(1.6)%
CO_2 emissions generated by after-sales repairs *(in t CO_2eq)*	3,908	3,693	(5)%	4,425	4,375	(1)%	4,881	4,716	(3.3)%

Priority areas for 2021/2022

The After-Sales Service Department has begun to manage its CO_2 emissions in the same way as its other performance indicators. This is done by training the teams with a view to educating them and clarifying these indicators.

From an operational point of view, efforts to reduce the number of home repairs will continue in 2021, in particular with the roll-out across the whole of France of call centers tasked with improving the classification of breakdowns. These centers will work to ensure that repairs are "right the first time" and even help customers to carry out repairs themselves by providing remote support. These call centers, also known as planning units, will also be responsible for drawing up more effective routes to reduce the number of kilometers traveled by the technicians.

As part of its fleet replacement, the After-Sales Services Department has also committed to prioritizing vehicles that release fewer greenhouse gases and other pollutants; several tests with electric vehicles were carried in 2020.

2.4.2.2.6 / Flow of products to after-sales service workshops

There are more than 2,500 employees in the Group who work exclusively on repairs, either remotely in remote customer service centers and workshops, or directly in customers' homes. When defective products cannot be repaired remotely or at in-store service counters, they are sent to one of the Group's five repair centers. This is especially the case for small domestic appliances and technical products, which are sent from the store when customers bring them to the counter.

In order to limit the transportation of defective products, the customer pathway focuses on remote solutions (see "Home service calls" above) or in-store solutions. After-sales service counters are able to carry out simple repairs, which do not require spare parts. However, when the breakdown is more serious, the products are sent as parcels or delivered by internal fleet to one of the repair centers, which generates CO_2 emissions.

Actions and Performance 2020

In 2019 and 2020, Fnac Darty conducted a full review of its transportation schemes for these products sent to after-sales service workshops. In this respect, **while the fall in emissions recorded for this flow of products is largely due to a sharp decline in activity (-11% in France), it can also be attributed to real optimization of the transportation scheme** (through a reduction in the frequency of scheduled delivery trucks with the massification of deliveries to the workshops).

	France (Fnac and Darty)			Group		
	2019	**2020**	**Change**	**2019**	**2020**	**Change**
KPI: CO_2 emissions generated by products to be repaired sent to the workshop per product repaired *(in kg CO_2eq)*	**3.3** [(a)]	**3**	**(9)%**	**2.72** [(a)]	**2.54**	**(6.6)%**

(a) Data recalculated following a correction to the average consumption of the vehicles used.

	France (Fnac and Darty)			Group		
	2019	**2020**	**Change**	**2019**	**2020**	**Change**
CO_2 emissions from the flow of products to be repaired to after-sales service workshops *(in t CO_2eq)*	2,283 [(a)]	1,832	(20)%	2,355 [(a)]	1,890	(20)%

(a) Data recalculated following a correction to the average consumption of the vehicles used.

Priority areas for 2021/2022

Every effort will be made to train the teams working on the after-sales service counters so that products are not sent to the workshops when there is a clear diagnosis and it is possible to carry out a repair directly in-store.

As part of the After-Sales Service Department's action plan, Fnac Darty intends to continue reviewing the containers used, with the aim of reducing breakages during transportation, but also looking at the size of these containers and the blocking and filling material.

The Group also plans to review flows in order to remove intermediate steps between suppliers and customers.

2.4.2.2.7 / Shipment of parcels of second-hand products

Fnac Darty is significantly developing the business activity of selling second-hand products under the brands Fnac Seconde Vie and Darty Occasion. This activity helps to extend the life span of products distributed in this way (see also below) but also generates CO_2 emissions from shipping the parcels by courier. In 2020, some 60,000 shipments generated 56.66 tons of CO_2 [(1)], with an average of 0.93 kg CO_2eq per parcel.

However, nearly 95% of these shipments were covered by Chronopost, which offsets its emissions. In this respect, 50 tons were therefore offset by the service provider for this emissions figure.

2.4.2.3 / Extending emissions measured under scope 3

As part of its process of continuous improvement, the Group is aiming to extend the CO_2 emissions it measures to include significant sources of scope 3 emissions. For Fnac Darty, this concerns: products sold, work commutes, customer travel, as well as IT equipment and information systems.

In 2020, the Group worked on methods to measure some of these sources from 2021, starting with those generated by new products sold and distributed by the Group.

New products sold

At the start of January 2021, a specialized consulting firm was assigned to calculate an estimate of this major source of emissions for the Group, using real data provided by Fnac Darty for 2020.

It was decided to include the whole life cycle of the product when calculating this estimate: from its manufacture and transportation, through to customer travel to the stores, use of the product and, lastly, its end of life.

(1) Calculated using the CO_2 report provided quarterly by the main courier and using an estimated emission factor for a parcel of 20 kg shipped by Fedex for the other, more bulky parcels.

The Group is fully aware of the weight of this emission source and of its responsibility to reduce the impact on the climate associated with its product distribution business (particularly electrical and electronic products, which produce significant amounts of greenhouse gases). All the policies described in chapter 2.2, from repairs to advice, including the sale of second-hand products and highlighting the most sustainable products, make a concrete contribution to reducing these impacts, even though this contribution is still difficult to measure.

Throughout this assignment, Fnac Darty will assess the environmental impact associated with extending the life span of products through its repair activities and that of re-using its unsold stock through the sale of second-hand products.

Work commutes

With nearly 25,000 employees across Europe and significant geographical coverage, Fnac Darty is aware of the carbon footprint of work commutes. To conduct an initial estimate of the emissions associated with this scope 3 source, the Group conducted a survey of employees in France on their travel in 2019. This provided data on the travel behavior of employees (methods of transportation, kilometers traveled, number of journeys, etc.), which was then used to calculate the associated CO_2 emissions. The questionnaire also investigated why employees chose a certain method of transportation and what was stopping them from choosing a more environmentally friendly method. This was then fed back to the HR Department during discussions as part of the roll-out of its CSR roadmap.

For 2019, CO_2 emissions generated by the work commutes of employees in France totaled 20,446 tons of CO_2 equivalent [(1)], i.e. 1.18 tCO_2eq per employee, with significant regional differences.

Given the situation in 2020 (lockdown, working from home), it was not possible to measure CO_2 emissions associated with employee travel for this year. However, Fnac Darty is committed to continuously improving the quality of its data and plans to include all Group employees in these emission measurements.

Business travel

Business travel not only covers travel by plane or train (scope 3) but also travel using the fleet of Company and service vehicles (scopes 1 and 3). Due to the non-exhaustive nature of the data for the Group as a whole, CO_2 emissions have not yet been included in this scope. However, based on an extrapolation for the Fnac Belgium and Vanden Borre subsidiaries, emissions generated by the fleet's fuel consumption totaled approximately 1,948 t CO_2eq under scope 1 (down by 17.6% compared to 2019) and 503 t CO_2eq under scope 3 (-18% compared to 2019). This fall is due to the special circumstances in 2020, during which remote working was widespread, including for managers.

With regard to travel by plane and train, for the Fnac France and Darty France scope, emissions amounted to 327 tCO_2 in 2020, a 70% reduction compared to 2019. This sharp drop in emissions was caused by the travel ban due to the Covid-19 pandemic.

The launch of a "green IT" approach

In order to measure this growing source of emissions and take appropriate action, Fnac Darty launched a "green IT" approach at the end of 2020. A roadmap has been drawn up to map the network of equipment and servers, as well as the volumes of data produced and stored for the Group's activities. This work will lay the foundation for an action plan that targets the most polluting activities.

(1) Survey of 3,429 employees in October 2020 regarding their work commutes prior to the first lockdown. The data were then extrapolated to all Fnac Darty France employees.

2.5 / Ensuring exemplary business conduct

- **Protecting the personal data of employees and customers**
- **Preventing the risks of corruption**
- **Implementing a Vigilance Plan**
- **Ensuring fiscal responsibility**

Risks	Opportunities
■ Lack of integrity of third parties ■ Serious violations of human rights, health and safety, and the environment ■ Non-compliance with the Group/Penalties ■ Damage to the Group's reputation	■ Sustainable commercial development ■ Involvement in improving the working conditions at suppliers ■ Strengthening collaboration with suppliers ■ Reputation improvement

Levers activated	2020 Actions	KPI and associated indicators
Protection of personal data	■ Ensure compliance with regard to cookies and advertising tracking techniques	■ **KPI: percentage of factory audits whose score is deemed to be compliant or average (Fnac Darty)** ■ Level of demand for own-brand products ■ **KPI: percentage of Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter**
Anti-corruption procedures and controls	■ Strengthen the warning system through the implementation of an outsourced solution ■ Integrate tests on compliance with the requirements of the French Sapin II law during audits and in self-assessment questionnaires	
Implementation of a Vigilance Plan	■ Involve European elected representatives in the update to the mapping of risks ■ Inform and support the subsidiaries (countries and Nature & Découvertes) in mapping their risks	
Paying taxes in the countries in which the Group operates Refrain from using any optimization system or aggressive tax planning	■ Prepare subsidiaries for the new rules under the e-Commerce Directive ■ Standardize the tax risk recognition process	

With a growth strategy based primarily on the development of partnerships – franchises, resellers on the Marketplace, partnerships with other brands, sourcing that feeds the diversification strategy – Fnac Darty has strengthened its compliance policy.

This policy is based on processes and procedures overseen by the Internal Audit Department. Its quality and relevance for the changing business environment are also assessed by an Ethics Committee.

This committee ensures the ethical conduct of the Company's business, specifically in compliance with the Sapin II anti-corruption law, the French act establishing a duty of care by parent companies and major contractors, and the General Data Protection Regulation (GDPR). The Ethics Committee approves, evaluates and improves the ethical approach in place.

Respect, fairness and transparency are at the heart of the Group's day-to-day activity. The Group places particular importance on sustaining these values in its relationships with employees, suppliers, customers, partners and shareholders.

The aim of Fnac Darty's Business Code of Conduct is to reaffirm the basic principles that should govern each person's behavior in their professional life, both individually and collectively. These principles are reaffirmed through respecting people, respecting Company property, respecting trade regulations, and through the Group's commitments to social and environmental responsibility.

Beyond regulatory aspects, Fnac Darty affirms its willingness to manage its tax compliance responsibly by vowing not to implement artificial tax arrangements.

2.5.1 / PROTECT THE PERSONAL DATA OF EMPLOYEES AND CUSTOMERS

With millions of visitors to its commercial websites each month and close to 10 million subscribers, personal data protection is at the heart of the challenges faced by Fnac Darty. The appropriate use of personal data is expected by an increasing number of customers who have acquired a greater awareness of the issues pertaining to their private life and who wish to have better control of their personal data, in particular with regard to tracking technologies.

Protecting their data involves ensuring that there is greater transparency in how the data collected by the brands are used and that the data are used legitimately, proportionately and securely. To gain the trust of our customers, which is essential for the Group, strong protection of customer data as well as that of employees is required. Fnac Darty therefore works to continually improve its practices for the protection of data within the Group.

In 2020, Fnac Darty had a team of three people in France dedicated to protecting personal data: a Group DPO (Data Protection Officer) appointed to the French Data Protection Authority (Commission Nationale de l'Informatique et des Libertés or "CNIL") and two people in charge of the protection of personal data. The subsidiaries (Belgium, Spain, Portugal, Switzerland, WeFix, and Nature & Découvertes) also have locally appointed DPOs or staff dedicated to compliance with regulations on personal data protection.

The issue of personal data protection was at the heart of the Covid-19 crisis. The implementation of Business Continuity Plans (BCPs) required an appropriate balance to be struck between the obligation to safeguard employees and only collecting the strictly necessary data. Remote working also necessitated a greater level of security for the information systems and the implementation of best practices.

The Group continued to work actively on improving its data protection practices, in accordance with the provisions of Regulation of April 27, 2016 (GDPR). The actions in the GDPR program related to all areas of the Company and involved all stakeholders. The need to adapt to the new regulatory framework for cookies and advertising tracking techniques particularly mobilized the teams.

Fnac Darty also works to give its customers better control over the use of their personal data. To do this, the Group has launched a major project based on a "preference center" that will allow customers to manage in a granular way how their personal data are used – in addition to cookie management. The project is expected to be deployed at the end of 2021.

Particular attention has been paid to the issue of personal data in terms of after-sales service and returning products for repair.

Lastly, against a backdrop of an unprecedented global crisis, the Group continued to ensure compliance with its obligations, in particular:

- governance system for the protection of personal data: management committees and dedicated workshops;
- keeping a register of personal data processing operations;
- raising awareness and training the Group's employees: e-learning on data protection was part of the most validated internal training modules and GDPR officers were trained;
- internal processes and procedures documentation: improving processing documentation;
- information for data subjects;
- retention of personal data for limited periods of time;
- security of information systems for data processing;
- agreements with subcontractors and joint data processors.

2.5.2 / PREVENTING THE RISKS OF CORRUPTION

The Group is constantly vigilant and keen to take action under any circumstances to comply with its ethical commitments. The Business Code of Conduct and the Gifts and Benefits Charter document this commitment in detail and apply in all locations in which the Group operates. Fnac Darty ensures that all of its employees, Management Committees, Executive Committee and corporate officers share these commitments. These documents also form an integral part of the introductory handbook for new employees joining the Group. Finally, the Business Code of Conduct is appended to the contracts and agreements that formalize the Group's commercial relations with its partners.

2.5.2.1 / Key principles from the Business Code of Conduct related to preventing corruption

In order to prevent corruption and other behavior that undermines business integrity, the Group:

- is committed to a zero-tolerance approach to corruption and influence peddling within the Group and in its relationships with third parties;
- forbids political, trade union, cultural or charitable funding for the purposes of obtaining any direct or indirect benefits;
- ensures that charitable contributions, patronages or other sponsorship initiatives are governed by principles of integrity and made without any expectations of receiving anything in return whatsoever;
- is committed to ensuring that independence and integrity concerning various gifts or enticements from third parties are inviolable principles accepted by everyone. To this end, the Group's Gifts and Benefits Charter outlines the applicable rules;
- prohibits the remittance of any facilitating payments, regardless of whether or not these are permitted under local law;
- asks its employees to pay special attention to any transactions they feel are suspicious and may pertain to money laundering;
- is vigilant regarding conflicts of interest that may arise from situations where personal interests and the interests of the Company are at odds. To this end, the Prevention of Conflicts of Interest Charter, implemented in 2021, helps employees to more easily position themselves to deal with situations they may encounter;
- is committed, in the acquisition of interests that may be necessary as part of its strategic development, to analyzing the integrity of the target entities with regard to the legal environment, in addition to the economic and financial assessments carried out;
- sets out the various procedures to be followed in cases where there is reasonable doubt regarding unethical acts or activities.

2.5.2.2 / Involvement of the entire Group in preventing corruption

In accordance with the Sapin II Law promulgated in December 2016, which came into effect in June 2017, the Group has progressively developed an anti-corruption system that is at the heart of all governance activities and that is circulated to all employees:

- the Chief Executive Officer of Fnac Darty, who reports to his Executive Committee on oversight actions and obligations;
- the General Secretary in charge of HR, CSR and Governance, through the Ethics Committee leadership, the dissemination of internal communications relating to commitments in the fight against corruption, and the development of dedicated training;
- the Group Director of Internal Audit, through managing the implementation of anti-corruption measures in France and abroad;
- the Country Management Committees, which ensure the successful roll-out of the anti-corruption system;
- The Leadership Group members, who ensure that they themselves and their employees uphold these principles, and who all have to complete an e-learning training course;
- the employees, who are encouraged to inform their managers or the ethics officers named in the Business Code of Conduct of any sensitive situations in line with the principles set out above.

2.5.2.3 / A continuously improving roadmap for a robust corruption prevention plan

Risk assessment

Specific mapping for the risk of corruption has been put in place and is reviewed annually at the meeting of the Ethics Committee.

Any action taken is led and regularly measured at meetings of the Internal Audit Committee. It is also shared and discussed with the Group Audit Committee.

Warning procedure

The warning system has been completely redesigned, with the implementation of an outsourced solution (see also section 2.5.3.2). The warning system's governance has been redefined as part of this implementation to better meet legal and regulatory obligations.

This new warning system, versions available in six languages, has been incorporated into the Group's Business Code of Conduct and is also accessible to third parties via a link to the platform from the Group's website.

Fnac Darty ensures that a constant flow of information is established for all its employees.

This warning procedure meets the requirements of the Sapin II Law and the duty of care. The system provides employees with four different alert options:

- any professional misconduct, illegal conduct whether that is of an accounting or financial nature, or relates to corruption or a breach of competition law;
- an alert regarding health, hygiene and safety, discrimination or harassment at your place of work;
- a report regarding environmental protection;
- an alert regarding health, hygiene and safety, human rights or environmental protection concerning a partner or supplier.

Raising employees' awareness of the risk of corruption

An e-learning module has been developed (and translated for the other countries in the Group) and the Group ensures that all managers have had this training. An update will be made in 2021 and will include more examples on situations of conflict of interest, as well as the Group's new alert system.

It was decided in 2020 to make training mandatory for all senior employees.

In addition, a note presenting the Group's policy on conflicts of interest was drafted in 2020. The note aims to help those employees potentially at risk to avoid any situation of conflict of interest.

Finally, a questionnaire on conflicts of interest was also created in 2020. An individual questionnaire will be sent annually to those employees potentially at risk. The questionnaire will be used to monitor declarations by employees that they have no conflicts of interest.

The Group's Business Code of Conduct is updated annually at the Ethics Committee meeting.

Checks carried out

The internal audit teams have enhanced their tools for assessing compliance with Group rules on corruption risks. Any recommendations made as a result of internal audits are highlighted specifically when they relate to the risk of corruption.

An annual evaluation is conducted on the basis of the online questionnaire from the AFA.

Furthermore, the self-assessment questionnaire specific to corruption risk was enhanced in 2020 (based on the AFA questionnaire) and the audit assignments carried out in 2020 included tests on compliance with the requirements of the Sapin II law.

The Group is committed to maintaining strict oversight of its leading third parties through a permanent monitoring system set up in 2020.

Internal control committees provide an overview of compliance with the Sapin II law.

2.5.3 / IMPLEMENTING A VIGILANCE PLAN

Fnac Darty's Vigilance Plan meets the requirements of the French law of March 27, 2017 on the duty of care of parent companies and initiating companies.

The 2020 plan covers the five points of the law:

- risk mapping: see 2.5.3.1;
- assessment procedures: see 2.5.3.1;
- warning mechanism: see 2.5.3.2;
- prevention and mitigation measures: see 2.5.3.3;
- assessment mechanisms: 2.5.3.1 and 2.5.3.2.

The report on the effective implementation of the plan and the 2020 results are presented in this document, under each area of risk deemed to be a priority in terms of the level of risk identified.

2.5.3.1 / Risk mapping and assessment procedures

Working with the Internal Audit Department, in 2018 the CSR Department organized a consultation with internal stakeholders in order to develop its risk mapping. This work involved several departments (Sourcing, Purchasing, Human Resources, Operations, Franchises, Marketplace, Sales).

In the spirit of continuous improvement, the mapping is subject to regular review by the aforementioned departments and by the CSR and Internal Audit Departments. These reviews are based on changes in the Group's environment (acquisitions, new markets, significant growth in a business area, etc.) and the reports and recommendations of NGOs and other external stakeholders (Sherpa, EDH, etc.).

These consultations are used to identify the risks of serious infringements of human rights, health/safety and the environment in relation to each of the Group's businesses and those of its subsidiaries, suppliers and subcontractors with which the Group's various companies have an "established commercial relationship".

The risks identified are then assessed according to the methodology used by the Internal Audit Department in its risk management of the Group. These risks are weighted according to their level of occurrence and impact and then with respect to the mitigation or prevention policies in place:

- the impact is assessed according to several criteria, such as the systematic or repeated nature of the threat, or even its reversibility, on the working conditions and health/safety of employees, service providers and/or consumers;
- the probability is assessed in relation to the country where the entity operates (on the basis of several indicators including the human development index), in relation to the foreseeable nature of the threat and according to the number of threats recorded within the organization or sector;
- control of impact is assessed according to the level of risk identification and assessment, the control of the activities implemented and its compliance, the inclusion of risk in the audit and sourcing work program, and finally its integration into the training courses.

Risk mapping is reviewed by the Ethics Committee, and the risks and the assessment of those risks are updated with the relevant managers (at least once a year, more so for the most significant risks).

In 2020, Fnac Darty wanted to involve trade union representatives in this assessment system and mitigation development. An ad hoc working group was established (one staff representative per subsidiary), which now meets twice a year to discuss the contents of the Plan, in particular policies and actions for prevention.

Following the various mapping reviews conducted in 2020, 35 risks were identified and assessed (three more than in 2019). Several risks have been added, including a specific risk for the occurrence of a global pandemic.

In 2020, the risks of serious infringements [(1)] of human rights and fundamental freedoms, health and safety, and the environment are linked to the following activities:

- the sourcing of own-brand products in Asia (see main risks in 2.5.3.3.1);
- Marketplace activity (see main risks in 2.5.3.3.2);
- logistics, after-sales and delivery (see main risks in 2.5.3.3.3).

In coordination with the CSR Department, the Internal Audit Office includes, in its audit duties, checks on the effectiveness of the mitigation actions developed to respond to risks associated with the duty of care; in addition, the internal audit self-assessment questionnaire intended for senior managers and managers was updated in 2020 to include questions relating to the Company's duty of care.

(1) Fnac Darty considers that a risk is significant if the net risk is equal to or greater than 2/4.

As of December 31, 2020, the Group's Vigilance Plan covers France (internal activities and level 1 suppliers/subcontractors) and the sourcing of own-brand products (plants of level 1 suppliers), which are distributed by all countries where Fnac Darty operates.

In order to extend this scope, work on risk mapping specific to Group subsidiaries – Fnac Espagne, Fnac Suisse, Fnac Portugal, Fnac Belgium, Vanden Borre and Nature & Découvertes – was initiated in the fourth quarter of 2020 and will continue in 2021. The officers appointed in each subsidiary will work in coordination with the CSR officers and the main departments connected to the identified risks.

2.5.3.2 / A warning mechanism strengthened in 2020

Wanting to improve the existing system, in 2020 Fnac Darty introduced an outsourced platform for monitoring ethics and compliance to complement the usual channels of communication (managerial, HR representatives, employee representatives) and to cover both the alert systems required by the applicable regulations (Sapin II, duty of care, etc.) as well as the non-mandatory systems which the Group has set up on its own initiative to stop behavior which is incompatible with the charters and internal regulations of Fnac Darty.

This mechanism has been rolled out to all subsidiaries in France and in the countries, in French, English, Spanish, Portuguese, Dutch and Mandarin Chinese. The link to the platform is also accessible to third parties: the reporting system is included in the Business Code of Conduct, which systematically binds the Group to its employees, partners and suppliers; it is also available to employees on the Group's intranet and to everyone on the Group's corporate site.

Managed by a separate company who is a leader in its field, this reporting platform, at **report.whistleb.com/fr/portal/fnacdartygroupe**, enables employees and external stakeholders to give a warning – in a confidential and secure manner – about:

- any professional misconduct, illegal conduct whether that is of an accounting or financial nature, or relates to corruption or a breach of competition law;
- an alert regarding health, hygiene and safety, discrimination or harassment at your place of work;
- a report regarding environmental protection;
- an alert regarding health, hygiene and safety, human rights or environmental protection concerning a partner or supplier.

The reporting process and all exchanges which take place within the context of a warning are strictly confidential and are carried out via secure, encrypted channels. It is also possible to make a report anonymously.

These reports are sent immediately and exclusively to the authorized members of the Ethics Committee (the Security Director and the Director of Internal Audit), who decide on the action to be taken and ensure that cases are monitored in accordance with the applicable regulations and the Group's ethical rules.

These recipients:

- analyze the admissibility (if necessary they may call on an Ethics Committee) and acknowledge receipt of the warning (within 10 working days);
- may close the case without follow-up if the warning does not comply with the provisions for warnings or has arisen out of malice;
- ensure the compliance of investigations and directly manage the most sensitive cases;
- may assign files to managers able to process and monitor the handling of such cases;
- ensure that all communication happens via the platform in order to ensure case confidentiality.

In early 2021, the Group communicated broadly to its employees about the launch of this new system. The Group will ensure that permanent and accessible communication is established through internal communication.

Representative trade union organizations have been informed about the operation of the system and the communication campaign and it was discussed with them. They will be included once a year in an assessment of the use of the mechanism.

2.5.3.3 / Preventative actions, checks conducted and main results

Fnac Darty relies on strong ethical principles and standards in the conduct of its activities. These are listed and detailed in its Business Code of Conduct. This shared basis governs the relationship between the Group and its subsidiaries, its subcontractors, partners and suppliers. It annexed to the contracts and agreements that formalize the Group's business relationships with its partners, and it forms an integral part of the welcome booklet for new Group employees.

In particular, the Group refers to the Universal Declaration of Human Rights and the core conventions of the International Labor Organization. Subsidiaries and partners are required to comply with the applicable local legislation and the minimum common basis contained in the Business Code of Conduct.

2.5.3.3.1 / Mitigation of risks associated with sourcing from Asia

In order to offer its customers an economical alternative to major brand products, Fnac Darty sells products under its own retail brands. These products are supplied directly from the manufacturers, a majority of which are located in China.

Key figures relating to "own-brand product sourcing" in 2020 (scope of Fnac Darty, excluding Nature & Découvertes):

- €143 million of purchases sourced from Asia and Europe, representing 2% of total purchases;
- 90 people including 60 in China;
- 11 own brands, 7 brands under license, approximately 1,500 products;
- 130 suppliers, 192 active plants;
- 97 plants audited in 2020, including 19 undeclared audits.

Risks identified

The production of electrical and electronic equipment, and the countries where the plants that manufacture them are located (China), pose risks to:

- fundamental freedoms and human rights (freedom of association, working time, compensation, forced labor, child labor, discrimination);
- the health and safety of the employees of these plants (in the event of non-compliance of individual facilities and protective equipment);
- the health and safety of the end users of these products (in the event of non-compliance of products manufactured to European standards);
- the environment (in the event of poor environmental practices in the plants).

Risk prevention and mitigation policy

The Group has established strict rules and stringent control procedures with its suppliers in order to guarantee the safety and satisfaction of its customers during use of these products, and compliance with all applicable regulations. During testing, the products are checked in accordance with the highest standards; therefore, if French guidelines prove to be stricter than European ones, the French standards are used as the benchmark.

Moreover, the Group ensures that the suppliers selected and the associated plants respect the rights of employees and the environmental standards in force. In this regard, the Sourcing Department has integrated CSR criteria into its processes and into the documents that frame the supplier relationship, and it conducts regular audits.

The "Group Vendor Manual"

The Group Vendor Manual defines the relationship between Fnac Darty and its suppliers, and includes the Business Code of Conduct. The document provides a framework for supplier relations; it sets out the standards and procedures that each party agrees to follow. In particular, it requires the supplier to provide evidence of compliance with European regulations (or local regulations if the national laws of the countries in which the products are to be distributed differ): an EC declaration of conformity, a material safety data sheet for products containing substances covered by the REACH regulations, information on products covered by the CHIP regulation and, since 2020, information on the availability of spare parts and product repair manuals, in compliance with the European Directive on the ecodesign of products.

The Vendor Manual also includes a chapter on the social and environmental standards to which suppliers are required to comply – and which includes 11 critical failure points, including six relating to human rights, fundamental freedoms and health & safety. For example, there is zero tolerance for the use of forced labor (in any form whatsoever), physical or verbal abuse, blocked emergency evacuation routes, or the absence of separation between sleeping areas and the production site.

Compliance with these standards is monitored through audits.

Audits

To ensure compliance with Group standards, Fnac Darty's Statutory Auditors carry out announced and semi-or unannounced audits; the audit schedule and results for each plant are monitored through a centralized database. These audits have two components:

- quality assurance and control;
- corporate social responsibility.

This second component brings together several aspects of control:

- human rights and employment law;
- health and safety;
- ethics;
- the environment.

A preliminary audit is carried out for all these elements prior to entering into any contract with a new plant. If this identifies any major deficiencies, no orders will be placed. If it identifies areas for improvement, the plant is required to take corrective action before production will be initiated. Follow-up audits are scheduled to ensure the supplier is compliant before the start of production.

Active plants are then audited every two years; this period may be shortened if any breach of quality or social and environmental standards is suspected. The procedures associated with the outcome of these audits are the same as for the advance audits.

Procedures associated with audit results:

Audit result	Associated procedure	Control
>85% = full compliance	None	Audit every two years
70% to 85% = average compliance	Requirement to take corrective action	Follow-up audit
60% to 70% = non-compliance	Cessation of production with the requirement to take corrective action before production recommences	Follow-up audit before any launch of production or before production recommences
<60% = serious non-compliance	Cessation of production and termination of supplier relationship	
Not compliant with one of the critical failure points	Cessation of production with the requirement to take corrective action before production recommences	Follow-up audit before any launch of production or before production recommences

Fnac Darty relies on a team of 13 people based in China to carry out these audits. These auditors are themselves subject to regular checks.

The Fnac Darty teams help the suppliers to prepare corrective action plans.

Due diligence in Nature & Découvertes: Nature & Découvertes has always been vigilant of its suppliers and ask them to follow a Quality Charter that requires them to act responsibly. The Company promotes long-term sustainable partnerships to help it progress its approach of continuous improvement. Likewise, the Company favors relationships with small businesses in order to encourage local craftsmanship wherever possible.

Every year, social and environmental audits are conducted by an external service provider based in Hong Kong. The two entities share the same audit vision, focused on supporting suppliers.

Actions/measures taken in 2020

- In order to improve the understanding of the audit grid by controllers and suppliers, the critical failure points were strengthened. As such, non-compliance on one of these points now automatically results in the non-compliance of the entire audit, without any manual intervention by the controller.
- The framework contract with the production plants *(Vendor Manual)* has been updated with additions to the supplier's responsibility in the event of a maximum breakdown rate threshold being exceeded, on its commitment to comply with European standards and on new procedures for pre-compliance tests. In order to avoid any misinterpretation of this document and to ensure that suppliers adhere to these rules and principles, the Vendor Manual has been translated into Chinese.
- Following several warnings from think-tanks and NGOs regarding human rights violations, particularly forced labor, targeting the ethnic Uighur minority in Xinjiang province, the Group cross-referenced its register of active factories with the factories noted in the report from the Australian Strategic Policy Institute (March 2020), in order to ensure that no plant participated in the transfer of forced labor. A letter with proof of receipt has been sent to all Fnac Darty suppliers reminding them of the Group's social principles and standards.

2020 Results

In 2020, 97 of the 192 plants that manufacture the Group's own-brand products were audited. Seven plants had their production stopped following unsatisfactory audits; all have implemented the necessary corrective actions and have been able to start or resume production.

Of the 28 advance audits, one plant was not able to conduct the required corrective actions (environmental aspect of the audit) and was therefore not listed by Fnac Darty.

	2018	2019	2020
KPI: Proportion of plants whose audit result is deemed to be average or compliant [(a)]	**not applicable**	**98%**	**99%**

(a) After corrective action.

As part of an internal control, 31 additional audits were carried out to ensure the quality of the audits carried out by Fnac Darty controllers.

Health and Safety

All mechanisms put in place to ensure the quality of a product, and the health and safety of its user, result in particularly high-quality own-brand products, as the following indicators show:

	2018	2019	2020
Level of demand [(a)] for branded products	3.15%	2.93%	2.63%
Level of demand for own-brand products and products under license	3.09%	2.87%	2.78%

(a) Demand: all repairs and post-sale exchanges.

Risk mapping in progress at Nature & Découvertes: in order to incorporate the subsidiary into the Group's Vigilance Plan, the Nature & Découvertes teams initiated work in 2020 on mapping their risks specifically in regard to the sourcing of own-brand products. This mapping will identify the least well-controlled risks so that action plans can be created to prevent them. In addition, the teams of the two companies have begun to standardize certain control processes for suppliers and plants which produce products for Nature & Découvertes.

At the same time, Nature & Découvertes continues to rely on a Responsible Purchasing Charter for its suppliers. This refers to the conventions of the International Labor Organization and describes the principles and standards with which suppliers undertake to comply. Of the 559 active suppliers in 2020, 270 were signatories to the Charter at the end of 2020. These suppliers accounted for more than 66% of purchases of Nature & Découvertes own-brand products.

	2020
KPI: Share of Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter	**48%**

Priority areas for 2021

- Finalization and implementation of the action plan to apply Fnac Darty's processes to the monitoring of plants producing for Nature & Découvertes.
- Strengthening of control procedures for plants located in Europe and Turkey.
- Training of teams in charge of auditing ethical rules (initially scheduled for 2020 and postponed due to the public health situation).

2.5.3.3.2 / Mitigation of risks associated with the Marketplace

The Marketplace was created to ensure greater availability of products and expand the product range. Therefore, new product categories have been added to the Group's classic catalog: toys and games since 2009, then sport, gardening, DIY and, most recently, home furnishings, which includes furniture and bedding.

2020 key figures:

- more than 4,000 sellers on the Fnac Darty Marketplace;
- 30 million active items.

Risks identified

Due to the countries that manufacture the goods marketed on the Marketplace (mainly located in Asia), and because of extremely high growth, market place activity poses risks to:

- fundamental freedoms and human rights (working time, compensation, freedom of association, forced labor, child labor);
- the health and safety of employees in producing plants (in the event of non-conformity of facilities and personal protective equipment);
- the health and safety of consumers (in the event of non-compliance of the manufactured products with European standards and a lack of control on their performance and conditions of use);
- the environment (in the event of mismanagement of unsold items and poor environmental practices in the plants, and due to the environmental impact of international transportation).

Risk prevention and mitigation policy

Due diligence

Any new vendor is subject to an audit, carried out by an independent body, that looks at two areas: regulations issued by the French Prudential Supervision and Resolution Authority (Autorité de contrôle prudentiel et de résolution or "ACPR") and banking compliance. Validation of the vendor's file is required before contracts will be placed.

Partner vendors undertake to comply with the Marketplace's General Terms and Conditions of Use, acceptance of which includes compliance with the Group's Business Code of Conduct.

User security

Performance indicators relating to quality and compliance with the GTCU are monitored by the managers of the Marketplace: there is a test procedure in place, in the event of non-compliance with the General Terms and Conditions of Use, which includes notification of testing, verification, and, if the problem persists, notification of termination of the relationship.

Action plans undertaken in 2019-2020

In 2019, the Group's compliance with ACPR was completed and it incorporated the Business Code of Conduct into the General Terms and Conditions of Sale.

In addition, Fnac Darty has significantly tightened its control procedures for salespeople in 2020.

2020 Results

The due diligence measures put in place by the Group make it one of the most robust Marketplaces.

Post-clearance monitoring procedures (on the rate of complaints in particular) have resulted in the Group launching approximately 1,054 tests (compared with 500 in 2019) and removing 379 vendors from the approved list in 2020.

Priority areas for 2021

Fnac Darty is continuing its projects in 2021 to make the Marketplace ever more qualitative, based on the strengths and strategy of the Group: transparency, advice, sustainability.

2.5.3.3.3 / Risk mitigation associated with logistics, after-sales and delivery

At the heart of the Fnac Darty model, the logistics, delivery and after-sales operations have been identified as the most exposed to health and safety risks. These businesses are by nature accident-prone, and these risks are more likely to occur in the event of a breach of the principles of risk precaution and prevention (procedures, training, control). The most significant risks identified are:

- road traffic accidents;
- miscellaneous accidents and musculoskeletal disorders related to handling activities (carrying loads, repeated movements, vehicle-pedestrian collisions, etc.);
- accidents related to the installation or handling of electrical and electronic equipment (risks caused by lithium batteries and gas or electricity installations).

These risks, the associated mitigation policies and the results of these policies are described in the social portion of this chapter, in paragraph 2.1.3.

2020 Results

It should be noted that while the frequency rate of accidents with stoppage time increased over the consolidated scope, the Fnac Logistics entity, which includes the Group's main warehouses, saw its rate decrease by 5%, despite the increase in activity due to the situation in 2020: it was 25.68% in 2020 compared to 27.07% in 2019. Similarly, the accident severity rate for Fnac warehouses was down 16%: 1.51% in 2020 compared with 1.79% in 2019.

	France (Fnac and Darty)			Group		
Scope: Group, excluding Nature & Découvertes	2018	2019	2020	2018	2019	2020
KPI: Frequency rate of workplace accidents with stoppage time [(a)]	32.03	32.30	35.30	25.39	27.48	30.08
KPI: Severity of accidents at work [(a)]	1.92	1.82	2.18	1.41	1.46	1.74

(a) Fixed-term + open-ended contract workers, excluding Nature & Découvertes, whose entry values for calculating these indicators differ from those of Fnac Darty.

Priority areas for 2021

Fnac Darty aims to reduce the risk of workplace accidents through the action plan dedicated to strengthening and monitoring mandatory training (regulatory or deemed essential for the proper conduct of the Group's operations), supervised by the Ethics Committee and the Fnac Darty Academy. Gas and electricity certification, as well as four training courses on road safety are some of the training courses which are mandatory (or where the obtaining or renewal is being better monitored in the case of regulatory training).

An action plan for the inherent risk in handling lithium batteries, which is adapted to the various ways of managing risk and the various processes depending on the site will be deployed. It will apply as much to buildings (isolated storage areas) as storage (appropriate containers) and raising risk awareness among the teams.

2.5.4 / ADOPTING A RESPONSIBLE TAX POLICY

2.5.4.1 / Worldwide presence of Group

In 2020, the Group was composed of 51 legal entities, 33 of which are located in France. Of these French entities, 28 entities are members of a tax consolidated group within the meaning of Article 223 A of the French CGI (French Tax Code) in 2020. Other French entities do not meet the legal conditions for being part of the tax consolidation.

Other than the United Kingdom, which has a scheme similar to the tax consolidation scheme, which the Group's English subsidiaries have chosen, the Group's entities established outside France are not members of an equivalent scheme.

In France, the Group has numerous entities for the following reasons:

- Fnac stores are grouped together in entities by geographical region (for example, Fnac Paris for the Paris stores, Codirep for stores in the Paris region) or by type of store (Fnac Périphérie groups together smaller stores located on the outskirts of towns);
- Darty stores are also grouped together by large geographical region (Île-de-France for Établissements Darty et Fils, the west of France for Darty Grand Ouest and the east of France for Darty Grand Est);
- some activities require dedicated entities: after-sales service operations (managed by MSS), home training that requires an enhancement (A2I) and ticketing activities;
- purchases of companies do not necessarily entail a merger as the banners are different (Nature & Découvertes, WeFix, Fnac, Darty).

In other countries, the number of entities is smaller and each entity brings together the stores of a banner. For example, there is only one banner in Spain, and therefore only one company: Fnac Spain.

In Luxembourg, there are two companies that each operate a store: one under the Nature & Découvertes banner and the other under the Fnac banner. The Group's presence in Monaco has just one store.

With the exception of the United Kingdom, China and Hong Kong, the Group's presence in a country is maintained through the operation of a store under one of the Group's banners. The presence in the UK is linked to the history of the Darty Group, which was listed in the United Kingdom until its buyback in 2016. Accordingly, there are still two holding companies in the United Kingdom, one of which will soon be dissolved because it's inactive, and the other, Darty Limited, formerly the parent company of Darty Group, only exists to finance the retirement fund for Comet employees, who were part of the same group, and for whom Darty Limited took over the obligations. The Group's presence in Hong Kong and China relates to Darty's manufacturing of small domestic appliances for its own brands such as Proline or for brands licensed by third parties. This manufacturing requires a local team responsible for quality control in the subcontractors' manufacturing plants as well as a team responsible for product specifications.

2.5.4.2 / Key figures

2.5.4.2.1 / Distribution consistent with business activity

Fnac Darty is committed to paying taxes and contributions in each country where it operates and does not participate in any tax avoidance schemes. Through its subsidiaries, Fnac Darty has a presence in 11 countries. The Group has operating companies that run the stores and whose tax expense is consistent with and proportional to their contribution to the Group's earnings, which illustrates a principle of tax compliance rather than value creation. As the weight of the business activities conducted in France is particularly large for the Group, this is where the tax expense is highest. The Group's head office, purchasing and cash management activities are focused in France.

(€ thousand)	Corporation tax and corporate value-added tax (CVAE) [(a)]	Local taxes [(b)]	Other taxes [(c)]	Total
France	70,956	31,270	8,760	110,986
Spain	Deficit in 2020	516	548	1,064
Portugal	1,534		-	1,534
Belgium	6,289	1,747	-	8,036
Luxembourg	23	49	-	72
Monaco	Deficit in 2020		-	
Germany	Deficit in 2020		-	
Switzerland	158		52	210
United Kingdom	Deficit in 2020	-	-	
China	7	-	-	7
Hong Kong	2	-	-	2
TOTAL	**78,969**	**33,583**	**9,360**	**121,911**

(a) Excluding deferred taxes and exceptional expenses for corporate income tax (CIT) related to tax audits.
(b) In France, this includes: property tax, CFE, tax on offices in Île-de-France, tax on commercial premises and tax on brands.
(c) Mutual aid social security contribution (contribution sociale de solidarité) and company vehicle tax.

2.5.4.2.2 / Streamlining of the effective tax rate

The effective tax rate for the Group is 40.27% for the 2020 financial year. The impact of the corporate value-added tax (CVAE) is 9.54% (included in the corporate tax in the Group's financial statements). Restated for the corporate value-added tax (CVAE), the Group's tax rate is in line with the Group's corporate income tax rate (CIT), given the country mix, i.e. around 30%.

It should be noted that the gradual reduction in the corporate tax rate in France has an impact on the effective tax rate since deferred taxes are recalculated at a lower rate than those of the previous year; this year this will impact favorably on the calculation of the tax rate.

2.5.4.2.3 / An important source of income for French local authorities

Fnac Darty has a particularly dense geographical coverage in France. The Group's stores and e-commerce sites generate a total of €50 million in local taxes.

These local taxes consist of property tax, tax on offices in Île-de-France, the Corporate Real Estate Tax, tax on commercial premises, tax on brands, which is a total of €30 million, and the corporate value-added tax (CVAE), which is €20 million. These taxes directly benefit French local authorities, enabling them to finance their activities.

The Group is therefore heavily involved in financing local authorities in which it operates numerous stores, offering an unparalleled geographical coverage for a specialized retail group.

2.5.4.3 / Tax policy

The tax policy of Fnac Darty aims to:

- make the tax costs associated with the operation of the Group's brands foreseeable;
- reduce its exposure to tax risks;
- preserve its reputation and image.

These objectives are consistent with several of the Group's CSR commitments, such as promoting the economic and cultural development of regions and ensuring the exemplary conduct of its business.

By paying taxes in the States and local authorities where it creates value, Fnac Darty contributes to the quality of life and improvement of public infrastructures for its customers.

2.5.4.3.1 / Tax risk management

Governance

The Group's Tax Department is made up of experienced employees. It also relies on the tax expertise of the heads of accounting who manage the tax reporting obligations. They are assisted by external tax advisers as necessary, in particular to clarify complex points of law.

In addition, each department in the Group has an obligation for internal control. When this department finds a tax risk, it must notify the Group Tax Department.

The Group Tax Department advises and assists the operational departments and subsidiaries specifically on the following:

- regulatory tax oversight and help with implementing new tax rules. For example, the Tax Department prepared the Group's subsidiaries in 2020 for the new rules of the E-commerce Directive that will apply on July 1, 2021;
- tax control assistance;
- drafting of tax documentation such as transfer pricing documentation;
- helping subsidiaries on the tax aspect of operational projects;
- the tax audit of companies within the Group's scope, and tax audits on ad hoc matters.

Acceptable tax risks

The Group does not use any optimization system or aggressive tax planning.

For each transaction, the Group assesses the tax risks relating to a specific tax position.

Fnac Darty ensures that all its entities comply with the tax regulations applicable to it.

DAC 6

The "DAC 6" Directive requires financial intermediaries, and in some cases taxpayers themselves, to declare to the tax authorities any potentially aggressive international tax operations they have, if at least one "hallmark" covered by the Directive exists.

The Group does not have an aggressive tax planning scheme and believes that it is not required to file the statement provided under DAC 6.

IFRIC 23

IFRIC 23 – Uncertainty over Income Tax Treatments clarifies the application of the provisions of IAS 12 "Income Taxes" relating to recognition and evaluation when there is uncertainty regarding the treatment of income tax.

To this end, the IFRIC 23 interpretation sets out a single uniform method for recognizing tax risks.

During the first half of 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 is reflected in the financial statements in tax payable or deferred taxes. As of December 31, 2020, uncertain tax positions were assessed in accordance with the new standards and, at the end of this assessment, no new risks were detected.

Transfer prices

Fnac Darty applies the arm's length principle to transfer prices. Transfer prices are not, under any circumstances, a tax planning tool (the transfer of profits to a country with a lower tax rate than another, optimization of losses).

In particular, the Group's entities outside France are free to purchase goods from the purchasing department located in France. The operational demands of each entity dictate whether or not they make use of this.

In order to set its transfer prices, the Group tries to find the most conventional method that complies with OECD principles, while maintaining simple guidelines and methods for the calculation.

The Group's transfer prices consist primarily of the re-invoicing of head office expenses, the invoicing of interest by the centralized cash company, and the sale of goods by the purchasing center located in France to French or foreign subsidiaries. Transfer prices are regularly audited by the tax inspectors during their tax audits.

2.5.4.3.2 / Relations with the tax authorities

Fnac Darty works in a transparent way with the tax authorities in the various countries in which it operates.

Tax controls

The Group is fully aware that the maintenance of high-quality public services, from which it benefits, depends on the verification by the tax authorities that the tax payable and paid by the Group has been calculated properly.

Fnac Darty is subject to regular tax audits. In France, several Group companies are continually under a tax audit. As such, in 2020, seven companies in France were in the process of account verification and two tax audits are still in progress in Belgium.

As tax law is sometimes subject to interpretation and uncertain positions, the Group does not hesitate to call on the tax authorities to request a ruling or a tax position. For example, in 2020, three requests for rulings were sent to the French tax authorities. Despite these procedures, it is still possible that tax audits will expose undetected tax risks or that disagreements may arise with the tax authorities over a difference in the interpretation of local or international tax regulations, or over the assessment of a factual situation.

However, the Group only has a limited number of tax disputes in progress before the courts.

These limited and technical issues show that the Group has few disputes with the tax authorities.

Fnac Darty procedures for the tax authorities with regard to third parties

The Group also receives numerous right-to-information requests concerning other taxpayers, particularly as part of a verification process that sellers operating through a platform are complying with their VAT obligations. The departments concerned process these requests quickly, in coordination with the Tax Department.

In accordance with the law, Fnac Darty files declarations which facilitate the monitoring by the tax authorities: salary declarations, declaration of fees, declaration of income from platform sellers.

Other relationships with the tax authorities

The Group is a member of various professional bodies which promote retailers' opinions. It expresses its individual opinion at meetings or public consultations.

Fnac Darty has made no request to the tax authorities of any country to obtain any tax advantage in regard to the taxation of its profits.

2.6 / Summary of published indicators and KPI

Consistency table for Fnac Darty indicators and risks/commitments

The figures shown are in the current scope. Unless otherwise specified, the scope is the Group.

Risks: The development of business lines in a context of digital acceleration	Commitment 1: develop human capital ■ Develop skills and employability ■ Promote gender equality and quality of life in the workplace ■ Guarantee employee health and safety		
Indicators	**2019**	**2020**	**Page**
EMPLOYEES AND ORGANIZATION OF WORK			
Workforce (open-ended and fixed-term contracts)	24,046	24,886	
Proportion of open-ended contracts	88.3%	89.3%	
Proportion of temporary workers (from fixed-term contract + open-ended contract + temporary employees)	11.8%	12.5%	
Average seniority of employees on open-ended contracts *(number of years)*	12.8	12.5	
Proportion of full-time workers (from employees on open-ended contracts)	81.9%	82.9%	
Proportion of managers (from employees on open-ended contracts)	22.6%	23.7%	
TRAINING			**p. 60**
Proportion of employees trained via classroom programs	66.0%	37.4%	
Average number of training hours per employee trained via classroom programs	15.3	13.7	
Proportion of employees trained via classroom programs or remotely	82.9%	75.8%	
KPI: Number of training hours (across all formats) per employee trained via classroom programs or remotely	14.2	9.1	
KPI: share of payroll allocated to training	2.52%	2.78%	
ABSENTEEISM			**p. 63**
KPI: absenteeism due to sickness	4.61%	5.17%	
Overall absenteeism	6.46%	7.01%	
HEALTH AND SAFETY			**p. 67**
KPI: frequency rate of workplace accidents with stoppage time (excluding Nature & Découvertes)	27.48	30.08	
KPI: severity of workplace accidents with stoppage time (excluding Nature & Découvertes)	1.46	1.74	
Number of employees trained in safety	6,000	4,985	
Total number of hours of safety training	31,514	18,618	
Number of accidents caused by an employee (fully responsible)/ fleet of vehicles owned by Fnac Darty (Fnac France and Darty France scope)	14.2	8.7	

Indicators	2019	2020	Page
GENDER EQUALITY			
KPI: percentage of women in Leadership Group roles	24.3%	24.3%	p. 62
KPI: Proportion of women granted at least one individual raise during the year	33.2% (29.7% for men)	22.9% (23.5% for men)	
Gender equality index (consolidated)	90	90	
Percentage of women in the total workforce	39.0%	39.6%	
Percentage of manager-level women in the workforce	35.7%	37.0%	
Percentage of female store managers	13.6%	18.2%	
Percentage of women on the Board of Directors	50%	43%	
Percentage of women on the Executive Committee	33.3%	33.3%	
Proportion of employees with disabilities in the total workforce	4.4%	4.1%	p. 63
Percentage of people with disabilities newly recruited under open-ended contracts	1.1%	0.7%	
NPS employees (recommendation score out of 10)	7	7.5	p. 64

Risks:	Commitments
Sustainability of the business model and new consumption patterns	**Commitment 2: promote sustainable consumption and an educated choice** ■ Help customers make an educated choice ■ Encourage repairs ■ Give a second life to products ■ Ensure waste collection and recycling ■ Contribute to public debate around sustainability **Commitment 3: contribute to the social and cultural development of territories** ■ Provide access to culture to as many people as possible ■ Increase the positive impact on the territories

Indicators	2019	2020	Page
Sustainability score (Darty France scope)	100	105	p. 71
KPI: share of products certified as "sustainable choice" in the revenue of eligible categories (Darty France scope)		9%	p. 71
KPI: percentage of products with an environmental certification in the offer (Nature & Découvertes scope)		11%	p. 73
KPI: share of revenue generated by products with a positive impact (Nature & Découvertes scope)		76.4%	p. 73
Number of products repaired in workshops, at home, in-store, in call centers, by WeFix *(in millions)*	1.8	1.7	p. 73
Number of WeFix repair points	96	118	p. 74
KPI: volumes of packaging (cardboard and plastic) consumed *(in tons)*	4,268	5,758	p. 78
KPI: volumes of electrical and electronic waste collected *(in tons)*	51,489	49,943	p. 77
Number of stores opened	78	40	p. 83
Number of cultural events	10,430	2,393	p. 82
Donations collected in-store and on commercial websites (Fnac France and Darty France scope) *(in thousands of euros)*	264	340	p. 84
Number of projects supported by the Nature & Découvertes Foundation	163	108	p. 83

Risks: The climate emergency and its consequences on companies	**Commitment 4: reduce impacts on the climate** ■ Strengthen governance and integration of climate risks ■ Reduce emissions generated by transportation and energy from sites ■ Extend emissions management to products, services and employee travel		
Indicators	**2019**	**2020**	**Page**
Energy consumption of sites by surface area *(kWh/m²)*	120	107	p. 92
KPI: CO_2 emissions generated by site energy consumption per square meter (market-based) *(kg CO_2eq)*	9.4	5.2	p. 92
KPI: CO_2 emissions generated by site energy consumption per square meter (location-based) *(kg CO_2eq)*	16.6	14.3	p. 92
CO_2 emissions generated by site energy consumption (market based) *(t CO_2eq)*	14,863	8,544	p. 92
CO_2 emissions generated by site energy consumption (location based) *(t CO_2eq)*	26,185	23,514	p. 92
KPI: CO_2 emissions generated by transportation of goods to stores per pallet (Fnac France and Darty France scope) *(kg CO_2eq)*	16.9	15	p. 93
KPI: CO_2 emissions generated by transportation of goods to stores per kilometer (Spain, Portugal, Switzerland, Belgium, Nature & Découvertes scope) *(kg CO_2eq)*	5.47	3.71	p. 93
CO_2 emissions generated by transportation of goods to stores *(t CO_2eq)*	26,326	23,154	p. 93
KPI: CO_2 emissions generated by last-mile delivery per delivery *(kg CO_2eq)*	7.14	6.21	p. 97
CO_2 emissions generated per last-mile delivery *(t CO_2eq)*	14,416	14,090	p. 97
KPI: CO_2 emissions generated by after-sales service travel per service call *(kg CO_2eq)*	6.48	6.37	p. 98
CO_2 emissions generated by after-sales service travel *(t CO_2eq)*	4,881	4,716	p. 98
KPI: CO_2 emissions generated by products for repair traveling to after-sales service workshops per repaired product *(kg CO_2eq)*	2.72	2.54	p. 99
CO_2 emissions generated by products for repair traveling to after-sales service workshops *(t CO_2eq)*	2,355	1,890	p. 99
KPI: CO_2 emissions generated by "e-commerce" flows per parcel *(kg CO_2eq)*	0.51	0.53	p. 95
CO_2 emissions generated by "e-commerce" flows *(t CO_2eq)*	5,909	9,963	p. 94
CO_2 emissions generated by site transport and energy consumption *(t CO_2eq)*	68,750	62,356	p. 90
Scope 1 *(t CO_2eq)*	14,542	13,301	p. 90
Scope 2 – market-based *(t CO_2eq)*	7,030	1,766	p. 90
Scope 3 *(t CO_2eq)*	47,177	47,289	p. 90
CO_2 emissions from transportation and energy from sites by revenue *(t CO_2eq)*	9.57	8.3	p. 90

Risks: Ethics for all based on a model of development through partnership			**Commitment 5: ensure exemplary business conduct** ■ Protecting the personal data of employees and customers ■ Preventing the risks of corruption ■ Implementing a Vigilance Plan ■ Ensuring fiscal responsibility
Indicators	**2019**	**2020**	**Page**
KPI: percentage of factory audits whose score is deemed to be compliant or average (Fnac Darty)	98%	99%	p. 108
Level of demand for own-brand products and products under license (Darty France)	2.87%	2.78%	p. 109
KPI: percentage of Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter		48%	p. 109

2.7 / Methodology note

The Non-financial Performance Declaration (Déclaration de Performance Extra-Financière or "DPEF") is drafted by the Group's CSR Department, who also coordinates the reporting of non-financial data. This data comes from the departments concerned (Human Resources, Logistics, Maintenance, Purchasing, Sales, etc.) in France and the other countries.

The data is entered into a reporting tool, making the collection, monitoring and management of performance indicators easier. The reporting methodology is set out in a protocol that is updated each year and sent to contributors when data collection begins.

All published figures are subject to several consistency checks, both in-house and external (by an independent third party).

Reporting scope

Unless specified, the scope covers all subsidiaries of the Group.

In view of their independence, franchises are excluded from the scope of publication. However, they are indirectly included in the reporting of CO_2 emissions, as they benefit from freight transportation flows and other B2C flows.

The stores that closed in 2020 or opened after June 30, 2020 are excluded from the reporting scope. Any other exclusion from the reporting scope is indicated and explained in the relevant section(s).

Data is collected for the previous calendar year, from January 1 to December 31. If the full-year data is not available, the reporting period may be shifted, but will still cover a genuine period of twelve consecutive months, in order to take into account the seasonality of the Company's activity.

Methodological specifications for social data

The consolidation scope corresponds to all legal companies whose employees are included in the dedicated human resources information system. Therefore, Fnac Appro Groupe and stores in train stations or airports are excluded.

The scope of the coverage corresponds to 99.43% of the workforce of the financial consolidation.

As Billet Reduc and CTS Eventim France joined Fnac Darty's HIRS in mid-2020, both companies are also excluded for this year.

Unless specified, temporary workers are not recognized as part of the workforce.

As they are independent, the workforce of franchises are also excluded.

Methodological specifications for environmental data

The scope of consolidation corresponds to all the Group's operating subsidiaries, except for WeFix.

As part of its process of continuous improvement, Fnac Darty improves year on year its provision of comprehensive data on its direct and indirect CO_2 emissions. The table below shows the scope of the figures published in the DPEF (section 2.4). "not applicable" refers to a transportation flow or fuel that is not used; "not available" means that, to date, it has not been possible to collect the data.

	Source of emissions	Fnac France and Darty France	Fnac Belgium and Vanden Borre	Fnac Spain	Fnac Portugal	Fnac Switzerland	Nature & Découvertes
Sites' power	Electricity						
	Heating oil		not applicable		not applicable	not applicable	not applicable
	Refrigerants	(a)	not available	(a)	not available	not available	not available
	Natural gas			not applicable	not applicable	not applicable	
	Heating networks		not applicable	not applicable	not applicable	not applicable	not applicable
	Refrigeration networks		not applicable	not applicable		not applicable	not applicable
Logistics transportation	Warehouse-stores transportation						
	E-commerce						
	Last-mile delivery						not applicable
	After-sales visits			not applicable	not applicable	not applicable	not applicable
	After-sales workshop flows			not applicable			not applicable

(a) Calculated based on specific data but not included in the total scope 1 to date.

CO_2 emissions were calculated using the Carbon Balance method, which divides emissions into three scopes (1, 2 and 3).

Type	Description	Indicators included to date
Scope 1	= direct emissions from fixed and mobile sources	■ Transportation carried out by the fully owned fleet: home service calls, last-mile delivery ■ Energy: gas, oil
Scope 2	= indirect emissions related to consumption of electricity, heat and cooling from a network	■ Energy: Electricity, cooling networks, heating networks
Scope 3	= other indirect emissions (related to other stages of the life cycle: manufacturing, transport, end-of-life)	■ Transport, energy

The selected unit is the equivalent CO_2.

The emission factors used to calculate CO_2 emissions are primarily those recommended by the ADEME (French Environment and Energy Management Agency) in the "Base Carbone" database (last available figures). Fnac Darty holds the emission factors supplied by its service providers or suppliers on some specific items. For market-based energy, the emission factors are calculated by AIB.

Scope 1

Fnac Darty's direct greenhouse gas emissions come from:

- **gas and fuel consumption at the Group's various sites:** the calculations are based on specific data. For each energy source, Fnac Darty multiplies the energy consumption by the relevant emission factor (combustion phase – scope 1 – Base Carbone);
- **fuel consumption by vehicles delivering large domestic appliances to customers, and by those of home technicians:** the calculations are based on specific data. Fuel consumption is multiplied by the relevant emission factors (combustion phase – scope 1) for each type of fuel used (Base Carbone).

GHG emissions related to cooling gases were measured for the first time in 2020. They are calculated but not included to date in the scope 1 reported in the Group's carbon balance report for 2020, as they are non-exhaustive (see data available above).

Emissions related to the fuel consumption of function and service vehicles are measured but not exhaustively. They are not yet included in scope 1.

For these two emissions items, the calculations are based on specific data: the kilograms of cooling gas emissions and fuel consumption are multiplied by the relevant emission factors (Base Carbone).

Scope 2

Fnac Darty's indirect greenhouse gas emissions come **from electricity consumption and energy supplied by the heating networks of the Group's various sites.** The calculations are based on specific data;

- **electricity:** the emissions generated by the electricity consumed have been quantified according to market-based and location-based methods since 2020. Electricity-related emissions for 2019 were recalculated in accordance with this methodology. Fnac Darty has chosen the market-based method to monitor its performance, in particular its responsible energy purchasing policy.

  Emissions related to market-based electricity are calculated on the basis of the emission factors provided by the Group's various electricity suppliers. When these are not available, the calculation is based on the supplier's production capacity mix. The consumption associated with each energy source is then multiplied by the emission factors specific to each energy (Base Carbone) corresponding to the emission phase. For European countries and for the recalculation of French emissions in 2019, Fnac Darty calculates market-based emissions based on the residual mix (source AIB);
- **heat and cooling networks:** some of the Group's sites are connected to heating and cooling networks. The associated energy consumption is multiplied by the emission factors specific to these networks (carbon base).

Scope 3

Other indirect greenhouse gas emissions from Fnac Darty (those which to date are measured) originate from:

- **the energy consumed by the Group's sites:** the methodology used is the same as for scopes 1 and 2, but the emission factors are specific to emissions generated by other phases of the energy life cycle (source: Base Carbone, supplier data, AIB);
- **fuel consumption for transporting large domestic appliances and large televisions** (last-mile delivery) **and for travel by after-sales technicians visiting homes:** the methodology used is the same as for scope 1, but the emission factors are specific to emissions generated by other phases of the energy life cycle (source: Base Carbone);
- **palettes of new products transported between warehouses, logistics centers and stores** (downstream transport): to measure the carbon footprint of goods transport, the Group's various subsidiaries use several methodologies, based on the available data entered:
  - calculation based on the fuel consumption of the trucks: the liters of fuel or kilograms of gas are then multiplied by the relevant emission factors (Base Carbone),
  - calculation based on the distance traveled by type of truck: the distances traveled are related to the average consumption of the various vehicles used (source: ADEME) then the liters consumed are multiplied by the relevant emission factors (Base Carbone),
  - calculation based on tons.km: the weight of the palettes is multiplied by the km traveled, then by the relevant emission factors (Base Carbone);
- **the dispatch of packages ordered on the Group websites:** in order to refine the emissions calculation, Fnac Darty has been calculating this emissions item since 2020 based on the GHG balance for the various service providers. These balances (averages of their activity or specific to the volumes transported for Fnac Darty) are based on the number of packages assigned to these service providers and weighted according to the average weight of packages, in order to obtain emission factors specific to each supplier. For service providers who are unable to provide GHG assessment results, Fnac Darty applies the emission factor of the service provider with the most similar logistics and fleet. This approach has revealed very different impacts from one service provider to another, and from one service level to another (delivery to a collection point or home delivery), allowing Fnac Darty to work on its service mix or supplier mix accordingly;
- **the dispatch of large products (mainly large TV sets) by the subsidiaries** Fnac Spain, Fnac Portugal and Fnac Switzerland: the default emissions factor used is that which corresponds to the dispatch of a 20 kg TV set by a service provider based in France;
- **dispatch of spare parts to service centers, for after-sales technicians:** the volumes of spare parts are multiplied by the emission factors transmitted by the transport provider (these factors vary according to the size of the part);

- **dispatch of breakdown products to Group repair centers:**
  - for France, there is a flow of couriers (Fnac Darty relies on either the CO_2 balance of providers, or on the volumes multiplied by a default emission factor) and a flow that passes through internal shuttles (sub-contracted). For the internal shuttle flow, the distances traveled are related to the average consumption of the various vehicles used (source: ADEME) then the liters consumed are multiplied by the relevant emission factors (Base Carbone),
  - for the rest of the Group, volumes are multiplied by a default emissions factor;
- **for the dispatch of second-hand products:** Fnac Darty relies on the CO_2 balance of the service providers and, for those who do not provide balances, it relies on a default emissions factor;
- **business travel:** the Group relies on reports from travel agencies;
- **work commutes:** estimated for the first time in 2020, CO_2 emissions related to **work commutes** were calculated based on data from a survey of 3,429 employees, i.e. nearly 20% of the workforce of Fnac and Darty France. The answers were then extrapolated to all employees in France. The Group crossed the distance data with the theoretical number of days worked per employee, and then with the modes of transport provided by the respondents. The emission factors used come from the Base Carbone and have been averaged for certain modes of travel (e.g. for “own car”, the emission factor used is an average of the emission factors of various fuels).

As part of its process of continuous improvement, Fnac Darty improves the measurement and monitoring of these emission items each year. However, this approach requires corrections and sometimes recalculations. That is why the CO_2 data published in 2020 for 2019 may vary compared to the data published in the 2019 DPEF. Any significant adjustments are shown under the data concerned.

Methodology concerning our response to the DPEF

The Non-financial Performance Declaration (DPEF) requires companies to describe their most significant non-financial risks, and set out their business model, incorporating the CSR risks and issues deemed to be priorities.

To this end, in 2018 the CSR Department engaged in extensive consultation with internal and external stakeholders to identify the key non-financial risks and related challenges. These key risks and challenges were presented to and validated by the Executive Committee, before being used as a basis for discussion with all departments concerned in order to identify the most relevant indicators to summarize the Group’s non-financial performance.

The CSR Department worked closely with the Internal Audit Department for the risk analysis, and with the Finance Department for the definition of the business model.

Each year, the Group seeks to extend the reporting scope and relevance of the performance indicators it monitors. As a result, the indicators adopted in 2020 cannot always be compared with 2019, as the data is not available.

Conversely, certain indicators published in previous years were not considered sufficiently relevant to describe the Group’s performance and therefore be part of this DPEF.

Key indicators will be defined in the relevant section (s).

Following the consultations conducted by Fnac Darty for its materiality analysis, some information required under the DPEF was deemed to be insignificant. Therefore, the following information will not be published: “Means of combating food insecurity and waste, and promoting respect for animal welfare and responsible, equitable and sustainable food”. However, information on the actions taken by Nature & Découvertes to combat food waste is described in 2.2.3.3.

This document has been audited by an independent third party (ITP) whose conclusions are presented at the end of the chapter.

2.8 / Independent Third-Party Report by one of the Statutory Auditors on the Consolidated Non-financial Performance Declaration

Year ended December 31, 2020

To the General Meeting,

In our professional capacity as an independent third party (ITP) appointed as Statutory Auditor of your company (hereinafter the "entity"), accredited by Cofrac under number 3-1049 [1], we hereby present you with our report on the consolidated Non-financial Performance Declaration for the year ended December 31, 2020 (hereinafter the "Declaration"), presented in the entity's Management Report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

The entity's responsibility

It is the role of the Board of Directors to draft a Declaration in accordance with the legal and regulatory provisions, including an overview of the business model, a description of the main non-financial risks, an overview of the policies in place with regard to these risks and the results of these policies, including key performance indicators.

The Declaration was drafted following company procedure (hereinafter the "Guidelines"), the key elements of which are included in the Declaration and are available from the entity's registered office on request.

Independence and quality control

Our independence is defined by the provisions contained in Article L. 822-11-3 of the French Commercial Code and the profession's Code of Ethics. We have also established a quality control system, which covers the policies and documented procedures aiming to ensure compliance with the applicable legal texts and regulations, ethical rules and professional standards.

The responsibility of the independent third party appointed as Statutory Auditor

Our role, on the basis of our work, is to deliver a justified opinion expressing a conclusion of moderate assurance on:

- the conformity of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code; and
- the accuracy of the information provided pursuant to paragraph 3 of parts I and II of Article R. 225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions relating to the main risks, hereinafter the "Information".

However, it is not our role to express an opinion on the entity's compliance with other applicable legal and regulatory provisions, in particular with regard to the Vigilance Plan ("Plan de Vigilance") and the fight against corruption and tax evasion, nor to comment on the conformity of products and services with applicable regulations.

Nature and extent of the work

Our work outlined below was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code and in accordance with the professional standards of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this assignment, as well as international standard ISAE 3000 [2]:

- we have been informed about the activities of all entities included within the scope of consolidation and the presentation of the main risks;
- we have assessed the appropriate nature of the Guidelines in terms of their relevance, comprehensiveness, reliability, impartiality and understandability, taking into consideration best practices within the sector, if necessary;

(1) Cofrac accreditation inspection, n° 3-1049, available from www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

- we have verified that the Declaration covers each category of information pursuant to part III of Article L. 225-102-1 in terms of social and environmental factors as well as the information pursuant to the second subparagraph of Article L. 22-10-36 in terms of the respect for human rights, and the anti-corruption and tax evasion issues;
- we have verified that the Declaration presents the information provided for in section II of Article R. 225-105, where it is relevant in relation to the main risks, and includes, where applicable, an explanation of the reasons for the absence of the information required by the second subparagraph of section III of Article L. 225-102-1;
- we have verified that the Declaration includes the business model and the description of the main risks linked to the activity of all entities included in the scope of consolidation, including, if relevant and proportionate, the risks created by its business relations, its products or its services, as well as the policies, actions and results, including key performance indicators relating to the main risks;
- we have consulted the documentary sources and conducted interviews to:
  - assess the selection and validation process of the main risks and the consistency of the results, including the key performance indicators selected, with regard to the main risks and policies presented, and
  - corroborate the qualitative information (actions and results) that we considered the most important presented in the Appendix. For all risks, our work was carried out at the level of the consolidating entity and in a selection of entities [1];
- we verified that the Declaration covers the consolidated scope, i.e. all companies included in the scope of consolidation in accordance with Article L. 233-16, within the limits specified in the Declaration;
- we have read the internal control and risk management procedures put in place by the entity and have assessed the collection process aimed at the completeness and accuracy of the information;
- for the key performance indicators and other quantitative results we deemed most important presented in the Appendix, we implemented:
  - analytical procedures to verify the correct consolidation of data collected, as well as the consistency of developments, and
  - detailed tests, based on surveys, consisting of verifying the correct application of definitions and procedures and reconciling the data in the supporting documentation. This work was carried out with selected contributing entities [1] and covers between 29% and 100% of consolidated data chosen for these tests; and
- We have assessed the overall consistency of the Declaration in relation to our knowledge of the entities included in the scope of consolidation.

We consider that the methods that we used in applying our professional judgment enable us to arrive at a conclusion of moderate assurance; a higher level of assurance would have required more verifications.

Means and resources

Our work used the skills of six people and took place between September 2020 and March 2021 over a total period of around four weeks.

To aid us in the execution of our tasks, we called upon our sustainable development and corporate social responsibility specialists. We conducted some 10 interviews with the persons responsible for the preparation of the Declaration.

Conclusion

On the basis of our work, we have not identified any material anomalies likely to call into question the conformity of the consolidated Non-financial Performance Declaration with the applicable regulatory provisions or the fact that the Information, taken as a whole, is presented accurately and in accordance with the Guidelines.

Paris-La Défense, March 15, 2021

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Éric Ropert
Partner

(1) *Fnac Darty France and Nature et Découvertes.*

APPENDIX

Qualitative information (actions and results) considered to be the most important
Employee training programs
Commitments and actions to reduce the environmental impact of activities
Measures to promote wellbeing at work
Commitments and actions to promote Human Rights
Procedures implemented in the field of good business conduct and the fight against corruption
Collective agreements signed
Measures taken to combat workplace accidents
Actions to promote the social economy
Actions to promote local cultural life
Actions to promote the circular economy and product sustainability

Key performance indicators and other quantitative results considered the most important
Share of payroll allocated to training
Number of training hours per employee trained
Proportion of women in Group Leadership roles
Proportion of women granted at least one individual raise during the year
Absenteeism due to sickness
Frequency rate of workplace accidents with stoppage time
Severity of workplace accidents
Share of products certified as “sustainable choice” in the revenues of eligible categories (Darty)
Share of products certified by an environmental label in the Nature & Découvertes offer
Share of Nature & Découvertes revenue generated by products with a positive impact
Packaging volumes (plastics and cardboard) consumed/revenue
Volumes of WEEE collected
CO_2 emissions generated by site energy consumption/sq. m
CO_2 emissions generated by transportation of goods to stores/kms traveled (Group excluding France)
CO_2 emissions generated by transportation of goods to stores/palette (France)
CO_2 emissions generated per last-mile delivery/delivery
CO_2 emissions generated by after-sales service travel/intervention
CO_2 emissions generated by products for repair traveling to after-sales service workshops/product
CO_2 emissions generated by “e-commerce” flows/package
Percentage of factory audits whose score is deemed to be compliant or average
Share of Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter

3

Corporate Governance

Pursuant to Articles L. 225-37 et seq. of the French Commercial Code, we are presenting you with the following report on corporate governance.

This entire report was approved by your Board of Directors at its meeting on February 23, 2021 as required by the provisions of the French Commercial Code.

The report was prepared by the Board Secretary in collaboration with the Human Resources Department, the Finance Department and the Internal Audit Department, and submitted to the Appointments and Compensation Committee. Various internal documents, including the bylaws, internal regulations and minutes of the meetings of the Board and its specialized committees were used to prepare this report. Current regulations, recommendations for corporate governance issued by the AMF, recommendations of the AFEP-MEDEF Code, and recommendations of the High Committee on Corporate Governance were all taken into consideration.

3.1 / Organization of governance

The Company is a French limited company (société anonyme) with a Board of Directors. A description of the main provisions of the bylaws and internal regulations of the Board of Directors and the Board's specialized committees can be found in section 3.2 "Operation of administrative and management bodies" of this Universal Registration Document.

3.1.1 / COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board is composed of Directors with broad and diversified experience, especially in corporate strategy, finance, economics, retail, industry, accounting, CSR and human resources, management and the control of commercial or financial companies.

Under the bylaws, the term of office for a Director is set at four (4) years and is renewable. In order to avoid a mass renewal of members of the Board of Directors and encourage a smooth process for replacing Directors, Article 12 of the bylaws provides for the option of appointing Directors for a term that is less than the term of office of four (4) years in order to implement or maintain the staggering of Board members' terms of office.

Pursuant to the provisions of Articles L. 22-10-3 and L. 225-18-1 of the French Commercial Code, it is specified that the composition of the Board complies with the principle of a balanced representation of men and women. Since May 23, 2019, therefore, women and men each represent 50% of the members of the Board of Directors, in accordance with the statutory rules on gender balance; the Directors representing employees are not counted when calculating gender balance, in accordance with the legal provisions in force.

The Board has created four committees to assist it in performing its duties: the Audit Committee, the Appointments and Compensation Committee, the Corporate, Environmental and Social Responsibility Committee and the Strategy Committee.

As of December 31, 2020, the Board was composed of 14 Directors, 2 of whom were the Directors representing employees and 11 of whom were independent.

A detailed breakdown of the Company's Board of Directors as of December 31, 2020 is set out in section 3.1.3 (including the number of Fnac Darty shares held by each Director and offices held in other companies, including listed companies).

The table below provides a summary presentation of the personal information and experience of the Directors, as well as their involvement in the corporate governance of Fnac Darty as of December 31, 2020.

Name Nationality Number of shares held Number of offices held in other listed companies	Gender	Age [a]	Office	Main position held	Start of 1st term	Expiration of current term	Years on the Board	Board Committees
Jacques Veyrat *French* *250* *1*	M	58	Chairman Independent Director	Chairman of Impala	2013	2022	7	Strategy Committee Chairman
Antoine Gosset-Grainville *French* *250* *2*	M	54	Vice-Chairman Independent Director	Founder of the law firm BDGS Associés	2013	2023	7	Appointments and Compensation Committee Chairman Strategy Committee Member
Daniela Weber-Rey *German* *250* *0*	F	63	Independent Director	Attorney	2017 [b]	2022	3	Audit Committee Member
Sandra Lagumina *French* *250* *0*	F	53	Independent Director	Managing Director, Asset Management Meridiam	2017 [b]	2021	3	Audit Committee Member
Carole Ferrand *French* *250* *0*	F	50	Independent Director	Chief Financial Officer, Capgemini	2013	2024	7	Audit Committee Chair Strategy Committee Member
Delphine Mousseau *French* *258* *0*	F	49	Independent Director	Independent Consultant	2017 [b]	2024	3	Corporate, Environmental and Social Responsibility Committee Member
Nonce Paolini *French* *250* *0*	M	71	Independent Director	Corporate Director	2013	2021	7	Appointments and Compensation Committee Member
Brigitte Taittinger-Jouyet *French* *250* *1*	F	61	Independent Director	Corporate Director	2013	2024	7	Corporate, Environmental and Social Responsibility Committee Chair Appointments and Compensation Committee Member Strategy Committee Member
Caroline Grégoire Sainte Marie *French* *500* *2*	F	63	Independent Director	Corporate Director	2018	2021	3	Corporate, Environmental and Social Responsibility Committee Member
Jean-Marc Janaillac *French* *250* *1*	M	66	Independent Director	Chairman of Hermina SAS	2019	2022	2	Corporate, Environmental and Social Responsibility Committee Member

Name *Nationality* *Number of shares held* *Number of offices held in other listed companies*	Gender	Age (a)	Office	Main position held	Start of 1st term	Expiration of current term	Years on the Board	Board Committees
Javier Santiso *French and Spanish* *250* *0*	M	52	Independent Director	Chairman and Chief Executive Officer of Mundi Ventures	2019	2023	2	
Enrique Martinez *Spanish* *85,189* *0*	M	49	Chief Executive Officer Director	Chief Executive Officer, Fnac Darty	2019	2023	2	Strategy Committee Member
Franck Maurin *French* *724* *0*	M	65	Director representing employees	Product manager	2019	2023	2	
Julien Ducreux *French* *0* *0*	M	36	Director representing employees	Head of Digital Customer Experience	2020	2024	1	

(a) As of December 31, 2020.

(b) Provisional appointments by the Board of Directors on December 15, 2017 to replace resigning members, ratified by the General Meeting of May 18, 2018.

Directors representing employees

At the General Meeting of May 28, 2020, shareholders voted in favor of amending Article 12 of the bylaws of Fnac Darty in order to change the threshold requiring the appointment of a second Director representing employees to the Board, which has been reduced from twelve members of the Board of Directors to eight members by the provisions of the French Law No. 2019-486 of May 22, 2019 known as the “Pacte Law”. At the General Meeting of May 23, 2019, the shareholders had already voted in favor of amending Article 12 of the bylaws of Fnac Darty in order to allow for, under the conditions prescribed by law, the appointment of one or more Directors representing employees to the Board of Directors of Fnac Darty SA. This amendment to the bylaws has also brought the Company into compliance with the provisions of Article 8.1 of the AFEP-MEDEF Code as revised in January 2020, which recommends that *“Directors representing employees elected or appointed in accordance with legal requirements sit on the Board of the Company that declares that it refers to the provisions of this Code in its report on corporate governance”.*

The Director (s) representing employees are appointed in the following ways: when a single Director is to be appointed, the appointment is made by the trade union that has obtained the highest number of votes in the first round of the elections mentioned in Articles L. 2122-1 and L. 2122-4 of the French Labor Code in the Company and its direct or indirect subsidiaries, provided that the registered office of said trade union is on French territory. When two Directors are to be appointed, the appointment is made by each of the two trade unions that obtained the highest number of votes in the first round of these elections.

The term of office of the Director representing the employees shall be four years.

If the position of a Director representing the employees becomes vacant for any reason, the vacant position shall be filled subject to the conditions set out in Article L. 225-34 of the French Commercial Code.

If the Company is no longer obliged to appoint a Director representing employees, the term (s) of office of the employee representative (s) on the Board shall end six months after the meeting at which the Board notes that the obligation has ceased to apply.

Given the number of members on the Board of Directors, which on the date of the General Meeting of May 28, 2020, was greater than 8, it was decided that the trade union that had obtained the second highest number of votes in the first round of those elections would appoint a Director representing employees within six months of that date. As such, the CFDT, the trade union that had obtained the second highest number of votes in the last workplace elections, notified the Board of Directors on October 14, 2020 of the appointment of Julien Ducreux as Director representing employees. The Board of Directors took note of this appointment at its meeting of October 21, 2021.

Compliance with obligations and recommendations regarding the composition of the Board of Directors and executive corporate officers

Subject	Legal and regulatory provisions and bylaws	Situation at Fnac Darty as of December 31, 2020
Gender balance	**Article L. 22-10-3 of the French Commercial Code:** *"The provisions of Article L. 225-18-1 relating to the minimum proportion of directors of each sex are applicable without any threshold requirement to companies whose shares are admitted to trading on a regulated market."*	Women make up 50% and men 50% of the members of the Board of Directors [a].
Independence	**Section 9.3 of the AFEP-MEDEF Code:** *"The proportion of independent directors must be half the number of Board members in companies with dispersed capital and no controlling shareholders."*	92% of the members of the Board of Directors are independent.
Age	**Article L. 225-19 par. 2 of the French Commercial Code and Article 12 of the bylaws:** *"The number of directors over seventy (70) years of age may not exceed one-third of the directors in office."*	With the exception of one Director, all the members of the Board of Directors are aged 70 years or under [b]. Average age of Directors: 56.5 years [b].
	Article L. 225-48 par. 1 of the French Commercial Code and Article 14 of the bylaws: *"No one who is over sixty-five (65) years of age may be appointed Chairman of the Board of Directors."*	The Chairman of the Board of Directors is 58 years old [b].
	Article L. 225-54 par. 1 of the French Commercial Code and Article 17 of the bylaws: *"No one who is over sixty-five (65) years of age may be appointed Chief Executive Officer."*	The Chief Executive Officer is 49 years old [b].

(a) The Directors representing the employees are not taken into account in this calculation, in accordance with the legal provisions.
(b) As of December 31, 2020.

In order to meet the Company's strategic challenges and to promote quality discussions, the Board seeks to maintain balance and complementarity between the various Directors' profiles. To do so, when appointing new Directors or reappointing existing Directors, it strives to ensure a diversity of backgrounds and expertise. These appointments and reappointments take into account the results of the work undertaken by the Appointments and Compensation Committee on the annual assessment of the Board and the Committees.

In addition to seeking a balanced representation of women and men and a high proportion of Independent Directors, the Board has focused on increasing the number of Directors with international experience.

Changes in the membership of the Board of Directors and Committees in 2020

		Nature of change	Date of decision
Board of Directors	Carole Ferrand	Renewal of the Director's term of office	AGM of May 28, 2020
Board of Directors	Delphine Mousseau	Renewal of the Director's term of office	AGM of May 28, 2020
Board of Directors	Brigitte Taittinger-Jouyet	Renewal of the Director's term of office	AGM of May 28, 2020
Board of Directors	Julien Ducreux	Appointment as a member of the Board of Directors representing employees	Board meeting of October 14, 2020

Except for the appointment of Julien Ducreux as a Director representing employees, no changes were made to the Board of Directors or its committees during the year ended December 31, 2020.

Diversity of expertise within the Board of Directors as of December 31, 2020

Name	Retail	International	Finance	Governance	Management/ Strategy	CSR	HR	Digital
Jacques Veyrat			X	X	X	X		
Antoine Gosset-Grainville			X	X	X		X	
Daniela Weber-Rey		X	X	X	X			
Sandra Lagumina			X	X	X			
Carole Ferrand	X		X		X			
Delphine Mousseau	X	X			X	X		X
Nonce Paolini	X			X	X		X	
Brigitte Taittinger-Jouyet		X			X	X	X	
Caroline Grégoire Sainte Marie		X	X		X	X		
Jean-Marc Janaillac		X	X	X	X	X		
Javier Santiso		X	X		X			X
Enrique Martinez	X	X			X		X	
Franck Maurin	X							
Julien Ducreux	X							X

3.1.2 / COMPOSITION OF THE BOARD OF DIRECTORS: PROPOSALS SUBMITTED TO THE GENERAL MEETING OF MAY 27, 2021

The composition of the Board of Directors is updated on an ongoing basis on the Company's website (http://www.fnacdarty.com/group/governance/).

The Board of Directors ensures the improvement and effectiveness of Fnac Darty's governance by regularly assessing its composition and the diversity, expertise and experience of its Directors. It also evaluates their availability, their full commitment to their duties, compliance with the proportional requirements for Independent Directors, the balanced representation of women and men, and the candidates best suited to the Company and the organizational and administrative processes of the Board.

In accordance with the internal regulations of the Board of Directors adopted at its meeting of April 17, 2013 and last updated at its meeting of October 17, 2019, the reappointment of Directors on a periodic-rotation basis had been established. In addition, in order to implement or maintain the staggering of Board members' terms of office, Article 12 of the bylaws provides the option of appointing Directors for a term that is less than the term of office of four (4) years.

At its meeting of February 23, 2021, the Board of Directors:

- first obtained an opinion from the Appointments and Compensation Committee in preparation for the General Meeting of Shareholders;
- reviewed the terms of office of Directors set to expire at the next General Meeting, taking into consideration the expertise of the current Directors and the need to maintain the independence rate and comply with the rules on gender balance. It paid particular attention to the experience and knowledge of the Group's businesses that each Director must have in order to participate effectively in the work of the Board and its four committees, in accordance with the diversity policy adopted by the Board; and
- noted that the terms of office of three Directors (out of a total of 12, with the exception of the Directors representing the employees, who are not appointed by the General Meeting) expire at the end of the General Meeting scheduled to take place in 2021 and called to approve the financial statements for the year ended December 31, 2020.

On the recommendation of the Appointments and Compensation Committee:

- the Board of Directors proposes that the shareholders approve the renewal of Caroline Grégoire-Sainte Marie's term of office as a Director, which is set to expire, for four years, i.e. until the General Meeting to be held in 2025 to approve the financial statements for the previous year;
- the Board of Directors proposes that the shareholders approve the renewal of Sandra Lagumina's term of office as a Director, which is set to expire, for four years, i.e. until the General Meeting to be held in 2025 to approve the financial statements for the previous year;
- the Board of Directors proposes that the shareholders approve the renewal of Nonce Paolini's term of office as a Director, which is set to expire, for four years, i.e. until the General Meeting to be held in 2025 to approve the financial statements for the previous year.

If these proposals for renewals and appointments are approved by the General Meeting, then the rate of independence of the Board will continue to stand at 92%, while the gender balance of the Board of Directors will remain unchanged.

Subject to the renewal of his term of office, Nonce Paolini will be reappointed as a member of the Appointments and Compensation Committee. Subject to the renewal of her term of office, Caroline Grégoire-Sainte Marie will be reappointed as a member of the Audit Committee to replace Daniela Weber-Rey who, meanwhile, will be reappointed as a member of the Corporate, Environmental and Social Responsibility Committee to replace Caroline Grégoire-Sainte Marie. The composition of the Board Committees would otherwise remain unchanged.

3.1.3 / OFFICES AND POSITIONS HELD BY THE DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

Listed below are the offices and positions held by the Directors in 2020 and for the last five years. To the Company's knowledge, the Directors comply with the rules governing the accumulation of directorships.

Jacques Veyrat

58 years – French nationality

Independent Director and Chairman

Chairman of the Strategy Committee

4, rue Euler
75008 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: Ordinary General Meeting called in 2022 to approve the financial statements for the previous year
Number of shares held: 250

Graduate of the École polytechnique (class of 1983) and the Collège des ingénieurs (class of 1989), engineering degree from Ponts et Chaussés (class of 1988). Mr. Veyrat was appointed to the French Treasury Department, where he served as Secretary for the Inter-ministerial Committee on Industrial Reconstruction *(Comité Interministériel de Restructuration Industrielle)* for the period 1989–1991, then as Deputy General Secretary to the Paris Club from 1991 to 1993. From 1993 to 1995, he was technical advisor to the Minister for Infrastructure, Transport, Tourism and the Sea. In 1995, he joined the Louis Dreyfus Group as Chief Executive Officer of Louis Dreyfus Armateurs (1995-1998), then served as Chairman and Chief Executive Officer of Louis Dreyfus Communications, which became Neuf Cegetel (1998-2008) and then Chairman and Chief Executive Officer of the Louis Dreyfus Group (2008-2011). Since 2011, he has been Chairman of Impala.

Positions and offices held outside the Group at December 31, 2020

In France:

- Chairman of Impala SAS
- Advisory Member of Louis Dreyfus Armateurs
- Director of Nexity [(a)]
- Advisory Member of ID Logistics [(a)]
- Advisory member of Neoen
- Director of Iliad [(a)]

Offices and positions held over the past five years that are no longer held

- Member of the Supervisory Board of Eurazeo [(a)]
- Director of Direct Énergie
- Director of ID Logistics Group [(a)]
- Director of Imerys [(a)]
- Director of HSBC France

(a) Listed French companies.

Antoine Gosset-Grainville

54 years – French nationality

Independent Director and Vice-Chairman of the Board

Chairman of the Appointments and Compensation Committee

Member of the Strategy Committee

51, rue François-1er
75008 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: Ordinary General Meeting called in 2023 to approve the financial statements for the previous year
Number of shares held: 250

Antoine Gosset-Grainville is a graduate of the Institut d'Études Politiques de Paris, holds a Master's in Banking and Finance from the Université Paris-IX Dauphine and is a graduate of the École Nationale d'Administration (Léon Gambetta class). After being appointed to the General Inspectorate of Finance in 1993, he became Deputy General Secretary of the Economic and Financial Committee of the European Union in 1997. From 1999 to 2002, he was an economic and industrial affairs advisor for Pascal Lamy at the European Commission. Antoine Gosset-Grainville is an attorney with the Paris and Brussels Bars. In 2002, he became a partner at the law firm of Gide Loyrette Nouel. In 2007, he was appointed Deputy Director of the Office of Prime Minister François Fillon, where he was in charge of economic and financial matters. In March 2010, he became Chief Operating Officer of Caisse des Dépôts in charge of finance, strategy, investments and oversight of European and international activities, then interim Chief Executive Officer of the Caisse des Dépôts Group from February to July 2012. In April 2013, he founded the law firm BDGS Associés, where he is head of the Anti-trust and Regulatory Department.

Positions and offices held outside the Group at December 31, 2020

In France:

- Director of La Compagnie des Alpes (a)
- Founding partner of BDGS Associés
- Director of Axa SA (a)

Offices and positions held over the past five years that are no longer held

- Member of the Supervisory Committee of Schneider Electric (a)

(a) Listed French companies.

Daniela Weber-Rey

63 years – German nationality

Independent Director

Member of the Audit Committee

Kronberger Strasse 49
60323 Frankfurt am Main, Germany

Date of first appointment: December 15, 2017
Term expiration date: Ordinary General Meeting called in 2022 to approve the financial statements for the previous year
Number of shares held: 250

Holding a Master's Degree in Law from Columbia University, New York, and the Franco-German University (UFA), Daniela Weber-Rey was admitted to the Frankfurt Bar in Germany in 1984 and the New York Bar in 1986. For nearly 30 years, Daniela Weber-Rey was an attorney and partner with the legal firm of Pünder Volhard & Weber, followed by Clifford Chance. She also served as Counsel to various European organizations, and served for five years on the Board of Directors of BNP Paribas. She is a member of the Governmental Commission of the German Corporate Governance Code, a member of the Board of the European Corporate Governance Institute and a consultant at the Franco-German University (UFA). She is also a member of the Board of the Leibniz Institute for Financial Research SAFE and a non-executive member of the Board of HSBC Trinkaus & Burkhardt AG. Between 2013 and 2016, Daniela Weber-Rey worked at Deutsche Bank AG as Chief Governance Officer and Deputy Global Head of Compliance. She was made a Knight of the French Legion of Honor in 2010 for her commitment to Franco-German relations.

Positions and offices held outside the Group at December 31, 2020

Abroad:

- Director and member of the Risk Committee and Audit Committee of HSBC Trinkaus & Burkhardt AG (Düsseldorf)
- Board Member of the European Corporate Governance Institute (Brussels)
- Trustee of the European Corporate Governance Research Foundation (Brussels)
- Member of the Board of the Franco-German University (UFA)
- Member of the Board of the Leibniz Institute for Financial Research SAFE

Offices and positions held over the past five years that are no longer held

- Member of the Board of Directors of BNP Paribas [(a)]

(a) Listed French companies.

Sandra Lagumina

53 years – French nationality

Independent Director

Member of the Audit Committee

4, place de l'Opéra
75002 Paris, France

Date of first appointment: December 15, 2017
Term expiration date: Ordinary General Meeting called in 2021 to approve the financial statements for the previous year
Number of shares held: 250

A graduate of the École nationale d'administration (ENA) and the Institut d'études politiques de Paris (Sciences Po), Sandra Lagumina also holds a Master of Common Market Law and of Public Law. She began her professional career with the French Council of State, where she held the position of Auditor and then Master of Petitions from 1995 to 1998. Sandra Lagumina then became Technical and Legal Advisor to the President of the National Assembly. In 2000, she joined the office of the Minister of the Economy, Finance and Industry as a technical adviser in charge of legal issues, public procurement and competition law. She was then appointed Deputy Director of Public and International Law in the Legal Affairs Department of the Ministry and a Judicial Officer of the Treasury (2002-2005). In 2005, she joined the Gaz de France group, where she held several positions in the areas of strategy and law. Between 2008 and 2013, she served as General Counsel for GDF Suez. In 2013, she was appointed Chief Executive Officer of GRDF (Gaz Réseau Distribution France). In 2016, she was named Deputy Chief Executive Officer of Engie and, in 2017, became Chief Operating Officer of Asset Management at Meridiam. She is a member of the Board of the French Competition Authority.

Positions and offices held outside the Group at December 31, 2020

In France:

- Director and member of the Appointments and Compensation Committee of FNSP
- Member of the Board of the French Competition Authority
- Chair of Agence France-Muséums
- Member of Board of Directors of Space Able

Offices and positions held over the past five years that are no longer held

- Chief Operating Officer in charge of gas infrastructure and China at Engie
- Director of GRDF
- Director of GRT GAZ
- Director of Storengy
- Director of Elengy
- Director of GTT
- Director of Engie IT
- Chief Executive Officer of GRDF
- Director and member of the CSR Committee of Abertis
- Director and member of the Strategy Committee of Naval Group

Carole Ferrand	50 years – French nationality

Independent Director

Chairman of the Audit Committee

Member of the Strategy Committee

11, rue de Tilsitt
75017 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: Ordinary General Meeting called in 2024 to approve the financial statements for the previous year
Number of shares held: 250

A graduate of the École des hautes études commerciales (1992), Carole Ferrand started her career at PricewaterhouseCoopers, where she was an Auditor and later a financial advisor in the Transaction Services Division. In 2000, she joined Sony France, the French subsidiary of the consumer and business electronics branch of the Sony Corporation Group, serving as Chief Financial Officer before becoming General Secretary in 2002. In 2011, she held the position of Chief Financial Officer of the Europacorp Group. Since January 2013 she has been Financing Director at Artémis Group, where she is in charge of managing strategic and financial support for certain investments. Since June 2018, she has been Chief Financial Officer of the Capgemini Group.

Positions and offices held outside the Group at December 31, 2020

In France:

- Honorary Chair and Director of Terra Nova (non-profit association under French Law of 1901)
- Chair of Capgemini Ventures SAS
- Member of the Management Committee of June 21 SAS

Abroad:

- Director of Capgemini Solutions Canada Inc., Canada
- Director of Capgemini UK, Plc, United Kingdom
- Director of CGS Holdings Ltd, United Kingdom
- Director of Capgemini España SL, Spain

Offices and positions held over the past five years that are no longer held

- Director of June 21 SAS
- Alternate for Alain de Marcellus, Capgemini Brasil SA, Brazil
- Director of Capgemini [a]
- Director of Sebdo, Le Point
- Director of Archer Obligations (formerly Artémis 21)
- Director of Éditions Tallandier
- Member of the Audit Committee of Capgemini [a]
- Director of Palazzo Grassi
- Director of the Pinault Collection – Paris

(a) Listed French companies.

Delphine Mousseau

49 years – French nationality

Independent Director

Member of the Corporate, Environmental and Social Responsibility Committee

Rönnestrasse 6
14057 Berlin, Germany

Date of first appointment: December 15, 2017
Term expiration date: Ordinary General Meeting called in 2024 to approve the financial statements for the previous year
Number of shares held: 258

A graduate of the École des hautes études commerciales (HEC) with a Master's degree in Business Administration, Delphine Mousseau began her career in 1995 as Project Head with Boston Consulting Group. In 1999, she joined Plantes-et-Jardins.com as Director of Operations. From 2007 to 2011, she served as Director of E-Commerce Europe at Tommy Hilfiger. She then worked as an independent consultant, primarily for the former Primondo Group. From 2014 to 2018, Delphine Mousseau was VP Markets at Zalando. She is currently an independent consultant.

Positions and offices held outside the Group at December 31, 2020

Abroad:

- Member of the Board of Advisors of Flaconi GmbH (Germany)

Offices and positions held over the past five years that are no longer held

- VP Markets at Zalando SE
- Member of the Management Board of Modacin

Nonce Paolini

71 years – French nationality

Independent Director

Member of the Appointments and Compensation Committee

34, rue Copernic
75116 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: Ordinary General Meeting called in 2021 to approve the financial statements for the previous year
Number of shares held: 250

Nonce Paolini holds a Master of Arts and is a graduate of the Institut d'études politiques de Paris (class of 1972). He began his career with EDF-GDF, where he held operational and management positions. In 1998, he joined the Bouygues Group, where he successively held the positions of Director of Development and Director of Human Resources, before becoming Director of Communications in 1990. In 1993, he joined TF1 as Director of Human Resources, and in 1999, he was appointed Chief Operating Officer. In 2002 he was appointed Chief Operating Officer of Bouygues Telecom and then Managing Director and Board member in April 2004. In 2007, he was appointed CEO of TF1 Group, then Chairman & CEO of the group in 2008 until 2016.

Positions and offices held as of December 31, 2020

None.

Offices and positions held over the past five years that are no longer held

None.

Brigitte Taittinger-Jouyet	61 years – French nationality

Independent Director

Chair of the Corporate, Environmental and Social Responsibility Committee

Member of the Appointments and Compensation Committee

Member of the Strategy Committee

74, rue Raynouard
75016 Paris, France

Date of first appointment: April 17, 2013
Term expiration date: Ordinary General Meeting called in 2024 to approve the financial statements for the previous year
Number of shares held: 250

Brigitte Taittinger-Jouyet is a graduate of the Institut d'études politiques de Paris and holds a Master's in History from the Faculty of Human Sciences at Reims University. In 1984, she was appointed Advertising Manager at Publicis, before joining the Marketing Department within the Louvre Group in 1988, where she was in charge of industrial products and the budget hotel sector. From 1991 to 2012, she was Chair of the perfume company Annick Goutal. From 2013 to 2017, she was Director of Strategy and Development at the Institut d'études politiques de Paris (Sciences Po Paris). She is a Director of HSBC France, Suez and Chair of the ARSEP Foundation.

Positions and offices held outside the Group at December 31, 2020

In France:

- Director of HSBC France
- Director and Member of the Appointments and Compensation Committee and the CSR and Ethics Committee of SUEZ [(a)]

Offices and positions held over the past five years that are no longer held

- Director of the Centre Georges Pompidou
- Director of Strategy and Development at the Institut d'Études Politiques de Paris (Sciences Po Paris)

(a) Listed French companies.

Caroline Grégoire Sainte Marie

63 years – French nationality

Independent Director

Member of the Corporate, Environmental and Social Responsibility Committee

36, avenue Duquesne
75007 Paris, France

Date of first appointment: May 18, 2018
Term expiration date: Ordinary General Meeting called in 2021 to approve the financial statements for the previous year
Number of shares held: 500

A graduate of the Institut d'Études Politiques de Paris, Caroline Grégoire Sainte Marie also holds a degree in Commercial Law from Université Paris I. She began her professional career in 1981 at Xerox France as Financial Controller. In 1984, she joined Hoechst pharmaceutical group, where she successively held several positions in the financial field at Roussel Uclaf SA before being appointed in 1994 as Chief Financial Officer of Albert Roussel Pharma GmbH and a member of the Executive Board. In 1996, she joined Volkswagen France before moving to Lafarge Group in 1997 as Chief Financial Officer of Lafarge Speciality Products (LMS). In 2000, she was appointed Senior Vice President Mergers & Acquisitions at the Group's Cement Division. In that position, Caroline Grégoire Sainte Marie led the financial strategy for the takeover of Blue Circle. In 2004, she became Chief Executive Officer for Germany and the Czech Republic. In 2007, she was appointed Chair and Chief Executive Officer of Tarmac France and Belgium, before becoming the Chair and Chief Executive Officer of Frans Bonhomme in 2009. Caroline Grégoire Sainte Marie was a member of the Boards of Directors of Eramet (from 2012 to 2016), Safran (from 2011 to 2015), FLSMIDTH (from 2012 to 2019) and Wienerberger (from 2015 to 2020). Since 2011, Caroline Grégoire Sainte Marie has been a member of the Boards of Directors of Groupama, Vinci and Elkem. As an investor in Calyos, she also sits on the company's Board of Directors, and she is a Senior Advisor at HIG European Capital Partners. She is a Knight of the French Legion of Honor.

Positions and offices held outside the Group at December 31, 2020

In France:

- Independent Director, Chair of the Appointments and Compensation Committee and Member of the Audit Committee of Groupama [(a)]
- Independent Director and Member of the Strategy Committee of Vinci [(a)]

Abroad:

- Director and Member of the Compensation Committee of ELKEM/Bluestar China, Norway

Offices and positions held over the past five years that are no longer held

- Independent Director and Member of the Strategy Committee of Eramet [(a)]
- Director, Non-voting Director and Member of the Audit Committee of Safran [(a)]
- Independent Director, Member of the Audit Committee and Member of the Technology Committee of FLSMIDTH, Denmark
- Independent Director, Vice-Chair, Chair of the CSR Committee, Member of the Audit Committee and Member of the Strategic Committee of Wienerberger, Austria

(a) French companies whose shares and/or bonds are listed.

Jean-Marc Janaillac

66 years – French nationality

Independent Director

Member of the Corporate, Environmental and Social Responsibility Committee

15, rue de Poissy
75005 Paris, France

Date of first appointment: May 23, 2019
Term expiration date: Ordinary General Meeting called in 2022 to approve the financial statements for the previous year
Number of shares held: 250

Jean-Marc Janaillac holds a degree in law (1976) and is a graduate of École des Hautes Etudes Commerciales (1975) and École Nationale d'Administration (1980). From 1980 to 1983, he was chief of staff for the prefects of Finistère and then Val-d'Oise, then became chief of staff for the Secretary of State for Tourism from 1983 to 1984.

From 1984 to 1987, he managed the French tourism services for North America in New York, before becoming Chief Executive Officer of Maison de la France, in charge of promoting French tourism abroad from 1987 to 1997. In this capacity, he was a member of the Board of Directors of Air France from 1989 to 1994. After working for AOM, first as Executive Vice-President and then as Chief Operating Officer (1997-1999), Jean-Marc Janaillac joined the Maeva Group, where he held the position of Chairman and Chief Executive Officer before becoming Chairman of the Paris Conventions and Tourism Office from 2002 to 2004. From 2004 to 2012, he was Chief Executive Officer for group development at the RATP (Paris public transport system), and Chairman and Chief Executive Officer of RATP Développement. Jean-Marc Janaillac was Chairman and Chief Executive Officer of Transdev from December 2012 to June 2016, then held the office of Chairman of UTP (public and rail transport association) from 2013 to 2015. He was Chairman and CEO of Air France KLM from 2016 to 2018. Since October 2018 he has been senior advisor at the Roland Berger strategy consultancy firm, and was elected Chairman of the Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (French Foundation for Management Education – FNEGE) in December 2018.

Positions and offices held outside the Group at December 31, 2020

In France:

- Chairman of Hermina SAS
- Chairman of the Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (French Foundation for Management Education, FNEGE)
- Senior Advisor at Roland Berger
- Director of the Association pour le Droit à l'Initiative Économique (French Association for the Right to Economic Initiative, ADIE)
- Member of the Strategic Advisory Board of Tikehau Private Equity
- Member of the Supervisory Commission of the Caisse des Dépôts
- Director of Getlink [(a)]
- Member of the Supervisory Board of Navya
- Director of the association Article 1

Offices and positions held over the past five years that are no longer held

- Director, Chairman of the Board of Directors and Chief Executive Officer of Transdev Group
- Director, Chairman of the Board of Directors and Chief Executive Officer of Transdev Île-de-France
- Director, Chairman of the Board of Directors and Chief Executive Officer of Transdev
- Director and Chairman of the Board of Directors of CFTI
- Director of RATP Dev Transdev Asia
- Director and Chairman of the Board of Directors of Thello
- Director and Chairman of the Board of Transdev Sverige, Sweden
- Director and Chairman of the Board of Transdev Northern Europe, Sweden
- Director of Transdev North America, United States
- Director of Transdev Australasia PTY Ltd, Australia
- Director Class A and Chairman of the Board of TBC Holding, Netherlands
- Chairman of the Board of Directors of Air France [(a)]
- Chairman and Chief Executive Officer of Air France KLM [(a)]

(a) Listed French company.

Javier Santiso

52 years – French and Spanish nationality

Independent Director

Calle Dalia 263
28109 Alcobendas
Madrid, Spain

Date of first appointment: May 23, 2019
Term expiration date: Ordinary General Meeting called in 2023 to approve the financial statements for the previous year
Number of shares held: 250

A graduate of the Paris Institute of Political Studies and École des Hautes Etudes Commerciales, Javier Santiso holds a doctorate in International Affairs and Economics, which he completed at the University of Oxford. He started his professional career at the investment bank Crédit Agricole Indosuez in Paris.

From 2000 to 2005 he was Managing Director and Chief Economist for Emerging Markets at BBVA, based in Madrid, then Director General and Chief Economist at the OECD Development Centre in Paris. In 2010 he joined Telefónica as Managing Director of New Ventures and, staying in Madrid, worked alongside the person who is now Chairman of the operator. Javier Santiso then moved to London, taking on the role of Head of European Investments at Khazanah, the sovereign wealth fund of Malaysia, as well as Head of Global Tech Investments. He was a member of the Khazanah Executive Committee and Investments Committee, as well as a member of the Board of Directors of Axiata Digital, the Malaysian telecoms operator. He is now CEO of Mundi Ventures, a venture capital fund that invests in new technologies and start-ups in Europe from bases in London and Madrid. Javier Santiso is a member of the Young Global Leaders of the World Economic Forum in Davos. He has French and Spanish nationality. In January 2021, he became an independent member of the Board of Directors of Prisa, a Spanish company.

Positions and offices held outside the Group at December 31, 2020

Abroad:

- Chairman and Chief Executive Officer of Mundi Ventures, Spain
- Member of the Board of Directors of Prisa, Spain

Offices and positions held over the past five years that are no longer held

- Member of the Board of Directors of Axiata Digital, Malaysia
- Chairman of the Board of Directors, Khazanah Europe, UK
- Member of the Executive Committee and the Investments Committee, Khazanah, Malaysia

Enrique Martinez

49 years – Spanish nationality

Chief Executive Officer

Director

Member of the Strategy Committee

9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine, France

Date of first appointment as Chief Executive Officer: July 17, 2017
Date of first appointment as Director: May 23, 2019
Expiration date of term as CEO: open-ended
Expiration date of term as Director: Ordinary General Meeting called in 2023 to approve the financial statements for the previous year
Number of shares held: 85,189

Enrique Martinez holds a degree in Economics from the IESE Business School in Madrid, and began his career with Toys “R” Us. In 1998, he joined Fnac Group with the duties of establishing and developing the Banner in Portugal. He then held various positions within the Group between Spain and Portugal. In 2004, he became a member of the Executive Committee as Chief Executive Officer of the Iberian region. In 2012, he was called to France to head the France and Northern Europe region (France, Belgium, Switzerland). In 19 years, Enrique Martinez has made a significant contribution to the growth of Fnac Darty. In July 2016, he was given responsibility for integrating the Fnac and Darty brands in France, which, in just a few months, led to the generation of the first synergies between the two brands. He has served as Chief Executive Officer of Fnac Darty since July 2017.

Positions and offices held within the Group at December 31, 2020

In France:

- Chairman-Chief Executive Officer of Fnac Darty Participations et Services SA
- Chairman of the Board of Directors of Nature & Découvertes

Abroad:

- Director of Grandes Almacenes Fnac España
- Director of Fnac Luxembourg

Positions and offices held outside the Group at December 31, 2020

- Independent Director of Nuxe

Offices and positions held over the past five years that are no longer held

- Non-partner manager of Codirep
- Chairman of Relais Fnac
- Chairman of Fnac Périphérie
- Chairman of Fnac Acces
- Chairman and Chief Executive Officer of Fnac Paris
- Chairman of Fnac Direct
- Chairman of Fnac Jukebox
- Managing Director and Chairman of Fnac Belgium
- Director of Fnac Monaco
- Director and Chairman of the Board of Directors of Fnac Suisse
- Director of SwissBillet
- Director of Kesa France
- Director of Kesa Sourcing Ltd
- Director of Kesa Holdings Ltd
- Director of Fnac Darty Asia Ltd
- Director of Kesa International
- Director of Shaker Group, a company listed on the Riyadh Stock Exchange (Tadawul) (until July 2020) [(a)]

(a) Listed company.

Franck Maurin	65 years – French nationality

Director representing employees

9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine, France

Date of first appointment: October 8, 2019
Term expiration date: October 8, 2023
Number of shares held: 0 [(a)]

Holding a Master's degree in economics and a post-graduate diploma (DEA) in econometrics, Franck Maurin began his career at Darty in 1977 as an in-store sales assistant. He joined Charbonnages de France in 1982 as category manager of styrenic and associated products. Franck Maurin rejoined Darty as Product Manager in 1983, when its subsidiary Dacem was created. Since 2002, Franck Maurin has been involved with setting up after-sales service projects in France and Italy. He is also responsible for the centralized management of accessories sold in-store. Working in the Operations Department since 2017, he is involved with negotiating after-sales agreements and product returns. In 2020, he helped create the Darty spare parts website.

Positions and offices held as of December 31, 2020

n.a.

Offices and positions held over the past five years that are no longer held

n.a.

(a) No minimum shareholding requirement due to his capacity as employee representative.

Julien Ducreux	36 years – French nationality

Director representing employees

9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine, France

Date of first appointment: October 14, 2020
Term expiration date: October 14, 2024
Number of shares held: 0 [(a)]

Julien Ducreux holds a Master's degree in Management of Innovation in Communication. He started his career within the SNCF Group where he successively held the positions of Project Manager, Digital Brand Manager and then Digital Customer Experience Manager for the SNCF stations. During his career within the SNCF Group, he participated in the Group's digitalization and transformation projects. He joined Fnac Darty in 2018 as Head of Digital Customer Experience and Customer Insight. Julien is also in charge of the Group's mobile applications and the international coordination of digital projects.

Positions and offices held as of December 31, 2020

n.a.

Offices and positions held over the past five years that are no longer held

n.a.

(a) No minimum shareholding requirement due to his capacity as employee representative.

3.1.4 / INDEPENDENCE OF DIRECTORS

To assess whether a Director qualifies as independent and to prevent potential risks of conflicts of interest between the Director and the management, the Company or the Group, the Board has adopted the criteria defined in the AFEP-MEDEF Code (section 9.5), which are as follows:

Criterion 1: Employee corporate officer during the previous five years	Is not or has not been over the previous five years: an employee or executive corporate officer of the Company; an employee, executive corporate officer or a director of a company consolidated by the Company; or an employee, executive corporate officer or director of the Company's parent company or a company consolidated by the parent company.
Criterion 2: Cross-directorships or offices	The member is not an executive corporate officer of a company in which the Company is a director, either directly or indirectly, or in which an employee appointed as such or an executive corporate officer (currently in office or having held such office within the last five years) of the Company is a director.
Criterion 3: Significant business relationships	Is not a customer, supplier, commercial banker, investment banker, or adviser that is material to the Company or its Group, or for which the Company or its Group represents a significant share of its business. An assessment of the significant or non-significant relationship with the Company or its Group is discussed by the Board, and the quantitative and qualitative criteria that result in this assessment (continuity, economic dependence, exclusivity, etc.) are explicitly stated in the annual report.
Criterion 4: Family ties	Is not related by close family ties to a corporate officer.
Criterion 5: Statutory Auditor	Has not been the Company's Statutory Auditor within the previous five years.
Criterion 6: Term of office exceeding 12 years	Has not been a director of the Company for more than 12 years. Loss of the status of Independent Director occurs on the date at which this period of 12 years is reached.
Criterion 7: Status as non-executive corporate officer	A non-executive corporate officer may not be considered independent if he or she receives variable compensation in cash or securities or any compensation linked to the performance of the Company or Group.
Criterion 8: Status as major shareholder	Directors representing the major shareholders of the Company or its parent company may be considered independent provided that these shareholders do not participate in the control of the Company. However, if their holding exceeds the threshold of 10% of the Company's shares or voting rights, the Board, based on the report of the Appointments Committee, systematically examines the qualification of a Director as independent in light of the composition of the Company's capital and the existence of a potential conflict of interest.

AFEP-MEDEF Criteria for corporate governance independence

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Criterion 8
Jacques Veyrat	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Brigitte Taittinger-Jouyet	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Delphine Mousseau	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Daniela Weber-Rey	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Sandra Lagumina	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Antoine Gosset-Grainville	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Nonce Paolini	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Caroline Grégoire Sainte Marie	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Enrique Martinez	Non-compliant	Non-compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Jean-Marc Janaillac	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Javier Santiso	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Carole Ferrand	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Franck Maurin	Non-compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Julien Ducreux	Non-compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant

As such, as of December 31, 2020, 11 of the 14 Directors on the Board qualify as Independent Directors. None of the Independent Directors has any business ties to the Company or receives variable compensation in cash or securities or any compensation tied to the performance of the Company or the Group.

3.1.5 / SUCCESSION PLAN

The Appointments and Compensation Committee periodically reviews the succession plan for Executive Directors, members of the Executive Committee, and key managers.

The plan schedules the succession of corporate officers both in the short-term in the event of unpredictable successions (resignation, impediment, death, etc.) and in the longer-term in the case of predictable successions (performance problems, expiry of term of office, retirement, etc.).

These plans are developed jointly with senior management. The Committee may also be assisted by an independent firm.

As regards the members of the Executive Committee and key managers, a review of the plan was undertaken by the Appointments and Compensation Committee in 2019. A further review is scheduled for 2021.

3.1.6 / PROCEDURES FOR EXERCISING SENIOR MANAGEMENT

Under the terms of Article 16 of the Company's bylaws, the Board of Directors on July 17, 2017 decided to separate the offices of Chairman of the Board and Chief Executive Officer. In effect, the Appointments and Compensation Committee believed that such a separation of duties would enable senior management, in the period following the Darty Group acquisition, to focus on the Group's operational priorities and, in particular, to pursue the integration of Fnac and Darty, ensure the achievement of the announced synergies and contend with increased competition.

On July 17, 2017, the Board decided to appoint Enrique Martinez as Chief Executive Officer, reflecting its determination to pursue the Group's transformation initiated in recent years with the support of the management team in place, and to effectively complete the integration process launched for Fnac and Darty in 2016.

The General Meeting of May 23, 2019 appointed Enrique Martinez as a member of the Board of Directors on the recommendation of the Appointments and Compensation Committee meeting of February 4, 2019.

The powers of the Chief Executive Officer are those conferred upon him by law. He is vested with the broadest powers to act in the Company's name in all circumstances. He exercises those powers within the limits of the corporate purpose and the powers expressly assigned by law to the General Meeting and to the Board of Directors. He represents the Company in its dealings with third parties. Refer to section 3.2.2.2 on the limitations placed on the powers of the Chief Executive Officer by the Board of Directors.

3.1.7 / CHAIRMAN OF THE BOARD OF DIRECTORS

At its meeting of July 17, 2017, the Board of Directors decided to appoint Jacques Veyrat as Chairman for the remainder of his term as a Director in order to give the Chief Executive Officer and management team the benefit of his experience and his contribution to the Group's strategic positioning.

With this choice, the Board expressed its conviction that managerial continuity is the best way for the Group to consolidate its market position and operational performance.

The Chairman of the Board chairs the meetings of the Board of Directors, and organizes and directs its work and meetings, on which he reports to the General Meeting. He also ensures the smooth running of the Company's governing bodies, ensuring in particular that the Directors are able to perform their duties. The Chairman of the Board also chairs the General Meetings of the shareholders.

The internal regulations updated by the Board of Directors at their meeting of October 17, 2019 set out the following specific duties of the Chairman:

- the Chairman is responsible for the relations between the Company's shareholders and the Board regarding corporate governance matters. He is also responsible for maintaining the quality of relations with the Company's strategic shareholders, in close collaboration with the Chief Executive Officer; and
- the Chairman may, without prejudice to the prerogatives of the Board of Directors and its committees, be consulted by the Chief Executive Officer on all significant events relating to the Company's strategy and major growth projects.

The Chairman has access to any document or information that he deems necessary or useful for the performance of his duties as set out above. He may consult the Board Secretary and the Company's Chief Financial Officer, and receive assistance from the Company's General Secretary for the administrative tasks resulting from these duties.

As part of his duties, the Chairman interacts regularly with senior management and members of the Executive Committee in order to prepare the agenda for meetings of the Board of Directors. In 2020, he took an active role in developing the Group's new strategic plan. His duties also include maintaining dialogue with the shareholders. To achieve this, he interacts with Fnac Darty SA's principal shareholders. He also has contact with the market at roadshows organized by the Group.

3.1.8 / EXECUTIVE COMMITTEE

The Chief Executive Officer is assisted by an Executive Committee responsible for the functional and operational departments, so that he can maintain efficiency in governance.

As of March 1, 2021, the Group's Executive Committee consists of the following people:

- Enrique Martinez, Chief Executive Officer;
- Annabel Chaussat, Director of Marketing and E-commerce;
- Anne-Laure Feldkircher, Strategy and M&A Director;
- Tiffany Foucault, Director of Human Resources;
- Frédérique Giavarini, General Secretary in charge of Social and Environmental Responsibility and Governance of the Group and Chief Executive Officer of Nature & Découvertes;
- Vincent Gufflet, Commercial Director, Products and Services France;
- Benoît Jaubert, Director of Operations;
- Jean-Brieuc Le Tinier, Group Chief Financial Officer;
- Charles-Henri de Maleissye, Chief Executive Officer, Fnac Vanden Borre in Belgium;
- Benjamin Perret, Director of Communications and Public Affairs;
- Marcos Ruao, Chief Executive Officer, Fnac Spain, in charge of coordination for the Iberian Region; and
- Olivier Theulle, Director of Operations and Information Systems.

The Group Executive Committee meets weekly to discuss the Group's operational and financial performance, strategic plans and the management of the Company.

On March 15, 2021, the Group announced a new organizational structure for the Executive Committee of Fnac Darty to fulfill the ambition of Everyday, the Group's strategic plan. This new organizational structure will take effect on March 30, 2021. It is described in detail in section 4.3 "Recent events and outlook" in chapter 4 of this Universal Registration Document.

3.1.9 / GENDER DIVERSITY POLICY OF MANAGEMENT BODIES

Gender equality was identified as a priority issue for the Group. With 39.6% of women in the total workforce, but only 24% of women in leadership positions, Fnac Darty is strongly committed to strengthening its action in favor of greater gender diversity, particularly in line management positions. The attractiveness of the employer brand is in the balance, as is the Group's ability to rise to this major societal challenge.

In order to push the entire Company, including subsidiaries, to make this issue a priority, an ambitious objective was set by the Board of Directors on the recommendation of senior management:

- for the Executive Committee, in line with rules applicable to the Board of Directors, achieve and maintain a percentage of at least 40% of the under-represented gender by 2025 – currently the percentage of women is 33%;
- for the Leadership Group, achieve female representation of 35%, i.e. 10 points higher than in 2019, with an increase of 2 points per year until 2024 then 3 points in 2025. The Leadership Group is made up of the members of the Executive Committee, the Group's executive officers, and key Group managers in France and internationally (employees with grade 19 or higher according to the Korn Ferry Hay weighted job evaluation method).

To achieve this goal, emphasis was placed on:

- female recruitment and mobility;
- improving the work/life balance.

In this regard, Senior Management informs the Board of Directors annually of the results obtained.

3.1.10 / ETHICAL STANDARDS FOR DIRECTORS AND OTHER INFORMATION

Conflicts of Interest – Regulated agreements – Convictions

- To the Company's knowledge, as of the date of this Universal Registration Document, there were no family ties between the members of the Board of Directors and the Company's senior management.
- To the Company's knowledge, as of December 31, 2020, in the last five years none of the members of the administrative, management or supervisory bodies: (i) has been convicted of fraud, (ii) has been party to a bankruptcy, receivership, liquidation, or placement of a business into administration, as a member of an administrative, management or supervisory body of said business (iii) has been the subject of an investigation and/or any official public sanction by a statutory or regulatory authority (including designated professional bodies) and (iv) has been disqualified by a court from serving as a member of an issuer's administration, management or supervisory body, or from being involved in the management or conduct of an issuer's business.
- To the Company's knowledge, as of December 31, 2020, no potential conflict of interest has been identified in respect of the Company between the duties of any of the persons who are members of an administrative, management or supervisory body and their private interests and/or other duties.
- To the Company's knowledge, as of December 31, 2020, there is no arrangement or agreement with the main shareholders, or with customers, suppliers or other parties under which any member of an administrative, management or supervisory body has been selected as a member of the administrative, management or supervisory bodies or as a member of senior management.
- To the Company's knowledge, as of December 31, 2020, no benefit is provided upon termination of any service agreement binding a corporate officer to the Company or to any of its subsidiaries.
- To the Company's knowledge, as of December 31, 2020, none of the members of the administrative, management or supervisory bodies has accepted any restrictions regarding the disposal, within a certain period of time, of the issuer's securities they hold, with the exception of the rules governing the prevention of insider trading and the rules governing the obligation of corporate officers to hold in registered form the shares fully vested under bonus share and option plans awarded to them pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code.

The internal regulations updated by the Board of Directors on October 17, 2019 stipulate the following with respect to managing conflicts of interest:

Each member of the Board "has an obligation to inform the Board of any conflict of interest situation, and must state the reason or reasons why he or she has decided, where applicable, not to abstain from taking part in discussions and voting on any deliberation of the Board which would put that member in said situation."

"If the Chairman or, as the case may be, the Vice-Chairman has reasonable grounds to believe a Director or Directors are in a situation of conflict of interest, they may withhold any information or documents relating to the subject of the conflict from said Director(s), and shall inform the Board member(s) of their decision.

In the event of disagreement between the Chairman or, as the case may be, the Vice-Chairman and the Board member, the Board shall consult appropriate legal counsel on the matter concerned, independent of the Group and any group in which the Board member holds an office and/or position. This counsel shall ensure that the said Board member has timely access to all information required by his/her office as a Director, except information which, if exchanged or shared, would constitute a proven conflict of interest."

3.2 / Operation of administrative and management bodies

3.2.1 / COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to Article 15 (4) of the Company's bylaws, at its meeting of June 24, 2013, the Company's Board of Directors established committees in charge of reviewing issues submitted to them by the Board or its Chairman.

The Company's Board of Directors decided to create four committees, the composition, duties and rules of operation of which are set out below: an Audit Committee, an Appointments and Compensation Committee, a Corporate, Environmental and Social Responsibility Committee and a Strategy Committee.

3.2.1.1 / Audit Committee

The Company's Board of Directors has decided to establish an Audit Committee and set the terms of its internal regulations as follows.

Composition

The Audit Committee is composed of three members, none of whom may be an executive corporate officer of the Company. These members are appointed for an indefinite period (such appointment shall terminate, in all circumstances, when they cease to be a member of the Board of Directors). When selecting members of the Audit Committee, particular consideration is given to their independence, as well as to their financial, accounting or statutory audit expertise.

Therefore, in accordance with the criteria of the AFEP-MEDEF Code, the Committee's internal regulations stipulate that Independent Directors comprise a minimum of two-thirds of the Audit Committee. The Directors comprising the Audit Committee in 2020 were all independent.

The composition of this committee was modified by the Company's Board of Directors at its meetings of October 22, 2015, May 23, 2016 and December 15, 2017. It was chaired in 2020 by Carole Ferrand (Independent Director), and its other two members were Daniela Weber-Rey (Independent Director) and Sandra Lagumina (Independent Director).

All the members of the Audit Committee have recognized expertise in financial, accounting or statutory audit matters, combining their expertise in the field of the general, operational or financial management of banking institutions and companies, as evidenced by their professional backgrounds (see section 3.1.3 "Offices and positions held by the Directors and the Chief Executive Officer" of the Universal Registration Document).

Duties

The Audit Committee is responsible for monitoring the preparation and auditing of accounting and financial information, and for ensuring the effectiveness of risk-management and internal control procedures to facilitate the Board's review and approval thereof.

Accordingly, the Audit Committee's internal regulations set out its main responsibilities as follows:

- *monitoring the preparation of financial information* – The Audit Committee is responsible for examining the annual or half-year parent company and consolidated financial statements prior to their presentation to the Board and, in particular, for assessing the methods chosen to account for major transactions, provisions and related adjustments and any situation that could create a material risk for the Group, as well as any financial information, any report concerning quarterly, half-yearly or annual performance, or any reports prepared for a specific transaction (such as a capital contribution, merger or market transaction). The Committee ensures the relevance, consistency, reliability and proper application of the accounting policies in force in the Company and its main subsidiaries for the preparation of the parent company and consolidated financial statements. It examines the scope of the companies consolidated and the reasons why companies may not be included, as well as major or complex transactions (significant acquisitions or disposals, restructuring, hedging transactions, existence of special-purpose entities, material provisions, etc.) that have impacted the Company's financial statements. The Committee must specifically review material transactions where a conflict of interest could have arisen. The Committee also reviews the procedures used to prepare any other financial and accounting information published or reported to shareholders or the market. The review of the financial statements must be accompanied by a presentation by senior management that describes the exposure to risks, including social and environmental risks, and the material off-balance sheet commitments of the Company and the accounting methods chosen;

- *monitoring the effectiveness of internal control, internal audit and risk management systems relating to operations and to the processing of financial, non-financial and accounting information* – The Audit Committee is tasked with ensuring the relevance, reliability and correct implementation of the Company's internal control procedures, identification, hedging and risk management procedures relating to its business activities and the treatment of its financial, non-financial and accounting information, without compromising its independence. The Audit Committee must ensure that corrective actions are taken when significant weaknesses or material misstatements are identified. In order to do so, it is informed of the main findings of the Statutory Auditors and Internal Audit Department. The Committee also regularly examines the mapping of business risks, as well as the material off-balance sheet risks and commitments of the Company and its subsidiaries. It assesses the seriousness of the problems or weaknesses reported to it and informs the Board, where necessary. The Committee gives its opinion on the duties, organization and work plan of the Group's internal audit function, speaks with the head of Internal Audit and reviews the internal audit reports or a periodic summary of these reports;
- *monitoring the procedure for the regular evaluation of current agreements concluded under normal conditions* – In accordance with the provisions of Article L. 22-10-12 of the French Commercial Code, the procedure for the regular evaluation of current agreements concluded under normal conditions, entered into directly or through an intermediary, between Fnac Darty SA and any of its corporate officers or shareholders holding more than 10% of the voting rights, or in which any such person has an indirect interest, or entered into between Fnac Darty SA and another company, if the Chief Executive Officer, any of the Chief Operating Officers or any of the Directors of the Company is the owner, a fully liable partner, a manager, a Director or a member of the Supervisory Board or, more generally, a person in any way involved in the management of that company, is intended to ensure that said agreements effectively fulfill these conditions. The Group's Legal and Financial Departments conduct an annual evaluation of the current agreements concluded under normal conditions, on the basis of the definitions of "current transactions" and "normal conditions" set out in the guidance on regulated and current agreements issued in 2014 by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes). If necessary, they may engage the Statutory Auditors in order to identify any agreements that might be reclassified as regulated agreements. Individuals that have a direct or indirect interest in any such agreements are not involved in their evaluation. Any agreements concluded by Fnac Darty SA with companies in which Fnac Darty SA directly or indirectly holds all of the capital, minus the minimum number of shares required to comply with legal requirements, if applicable, are excluded from the scope of the evaluation procedure. The Legal and Financial Departments present this evaluation annually to the Audit Committee and the Board of Directors;
- *monitoring the statutory audit of the parent company and consolidated financial statements by the Company's Statutory Auditors* – In accordance with the law and European Regulations, the Statutory Auditors must present to the Committee its overall work program and the tests it has performed, the revisions it considers necessary to the financial statements or accounting documentation, and its observations on the valuation methods used, the irregularities and inaccuracies it has identified, the conclusions drawn from the comments and corrections made with regard to the results for the period compared to those of the previous period, and, no later than the submission date of the audit report, an additional audit report prepared in accordance with the European Regulations setting out the results of the statutory audit. The Audit Committee monitors the performance by the Statutory Auditors of their assignment, taking into account, where applicable, the findings and conclusions of the audits carried out by the supervisory authority for the audit industry (Haut Conseil du Commissariat aux Comptes, H3C). To this end, it must interview the auditors at meetings dealing with the review of the financial reporting process and the review of the financial statements, in order to report on the performance of their duties and the conclusions of their work. This allows the Committee to be informed of the main areas of risk or uncertainty regarding the financial statements, as identified by the Statutory Auditors, their audit approach and any difficulties encountered in their work. The Statutory Auditors must also inform the Audit Committee of any material internal control weaknesses identified during their work with regard to the procedures used to prepare and process the accounting and financial information;

- *monitoring the rules regarding the independence and objectivity of the Statutory Auditors* – The Audit Committee must, along with the Statutory Auditors, examine the risks affecting their independence and the safeguards enacted to mitigate these risks. When the Statutory Auditors are appointed, the Audit Committee must manage the procedure for selecting the Statutory Auditors and submit a recommendation to the Board of Directors on the Statutory Auditors proposed for appointment by the General Meeting. Except in cases where the Statutory Auditors are up for reappointment, this recommendation must be made following an invitation to tender, must be substantiated and include at least two choices, and must give reasons for the preferred choice. In cases where the Statutory Auditors are up for reappointment, the Committee shall recommend the selection procedure to the Board, including, in particular, if there are grounds for issuing an invitation to tender. It oversees the invitation to tender and approves the specifications and selection of firms consulted, ensuring the "best bidder" is selected rather than the "lowest bidder". In particular, every year, the Statutory Auditors must submit to the Audit Committee the declaration of independence referred to in Article 6 of the European Regulations, and inform it of the total amount of fees paid to the network of Statutory Auditors by the companies controlled by the Company or the entity controlling it for services other than certification of the financial statements, as well as the nature of these services. The Audit Committee must also approve in advance the provision of services other than audit services, after analyzing the risks affecting the independence of the Statutory Auditor and the safeguards applied by that Auditor. In this regard, the firm responsible for the statutory audit may perform services other than audit services which are not prohibited by the European Regulations and by the Code of Ethics of Statutory Auditors. In that case, the fees must not exceed 70% of the average fees invoiced in the last three years for the statutory audit of the financial statements. The Audit Committee makes its decision, in this regard, in accordance with the Audit Committee Charter. The Committee must also ensure that the amount of fees paid by the Company and its Group, or the proportion they represent in the revenues of the firms and networks, are not likely to adversely affect the independence of the Statutory Auditors. For example, when the total fees paid by the Company to one of its Statutory Auditors during each of the previous three consecutive years represent more than 15% of the total fees received by that Statutory Auditor in that period, the Committee must examine whether the auditing assignment should be subject to quality control by another auditor. If the fees received by that Statutory Auditor continue to exceed 15% of the total fees received, the Audit Committee will determine, based on objective criteria, whether the Statutory Auditor may continue to carry out its assignment for an additional period, which may not, in any case, exceed two years; and
- *financing review* – As part of its duties, the Audit Committee conducts a detailed review of the financing strategy, liquidity, hedging, maturity, counterparties and, more generally, any questions relating to the Group's financial risks. The Audit Committee then drafts its comments and passes them on to the Board of Directors.

Practices

A meeting of the Audit Committee is valid when there is a quorum of two members in attendance. The Audit Committee's proposals are adopted by a simple majority of those attending the meeting, each member having one vote. The Audit Committee meets at least four times a year and as many times as it deems necessary. Audit Committee meetings are held before a meeting of the Board of Directors and, where the agenda of the Audit Committee concerns the examination of the half-year and annual financial statements prior to their examination by the Board, generally at least two days before the Board meeting.

In the exercise of its duties, it hears from and may question the Statutory Auditors, the Group's Chief Financial Officer and those in charge of internal audit, internal control and financing. The Committee is informed of the main issues identified by the Internal Audit Department.

It reports regularly to the Board of Directors and submits opinions and recommendations to the Board for matters within its sphere of expertise. Written minutes of the Committee's meetings are produced and approved.

The Committee may call on experts from outside the Company and interview anyone it chooses.

It reviews the fees for the Statutory Auditors every year and assesses their independence.

3.2.1.2 / Appointments and Compensation Committee

The Company's Board of Directors has established an Appointments and Compensation Committee and set the terms of its internal regulations as follows.

Composition

The Appointments and Compensation Committee is composed of three members, none of whom holds a management position within the Company, and at least two of whom are independent as regards the criteria adopted by the Company, in accordance with the AFEP-MEDEF Code.

The members are appointed for an indefinite period (such appointment shall terminate, in all circumstances, when they cease to be a member of the Board of Directors). When selecting members of the Committee, particular consideration is given to their independence and to their expertise in the selection and compensation of corporate officers of listed companies.

The Chairman of the Appointments and Compensation Committee is appointed by the Board of Directors from among the Independent Directors.

The composition of this committee was changed in 2020: Antoine Gosset-Grainville (Independent Director) is its Chairman and its two other members are Brigitte Taittinger-Jouyet (Independent Director) whose directorship was renewed by the Ordinary Shareholders' Meeting of May 28, 2020, and Nonce Paolini (independent Director).

At the meeting of the Board of Directors on February 23, 2021, it was decided to appoint a Director representing employees to the Appointments and Compensation Committee in accordance with the recommendation of Article 18.1 of the AFEP-MEDEF Code.

Duties

The Appointments and Compensation Committee is a specialized committee of the Board of Directors whose main duties are as follows:

- to assist the Board in appointing members of the governing bodies of the Company and its Group; and
- to assist it in determining and regularly assessing the overall compensation and benefits awarded to the executive corporate officers and senior executives of the Group, including any deferred benefits and/or post-employment benefits, whether due to voluntary or forced departure from the Group.

Accordingly, it performs the following duties:

- *proposing the appointment of members of the Board of Directors, senior management and Board committees* – The Appointments and Compensation Committee is responsible for making recommendations to the Board of Directors with regard to the appointment of its members (by the General Meeting or by co-option), and of the Chairman of the Board, the Chief Executive Officer and, where appropriate, the Chief Operating Officers, as well as the members and chairs of each of the other Board committees.

  For this purpose, it sends reasoned proposals to the Board of Directors. These are made in the interests of shareholders and the Company. In general, the Committee should strive to reflect a diversity of experience and points of view, while ensuring a high level of expertise, internal and external credibility and stability of the Company's corporate bodies. In addition, it draws up and updates a succession plan for executive corporate officers so that it is in a position to quickly propose succession solutions to the Board of Directors in the event of an unforeseen vacancy.

  With particular regard to the appointment of the members of the Board of Directors, the Committee specifically takes the following criteria into account: (i) the desirable balance of the composition of the Board of Directors, specifically in terms of diversity (nationalities, ages, etc.) and in view of the composition and the evolution of the Company's shareholders, (ii) the desirable number of independent members, (iii) the proportion of men and women required by the regulations in force, (iv) the opportunity for renewal of terms and (v) the integrity, competence, experience and independence of each candidate. In this context, the Committee proposes a diversity policy which is applied to the members of the Board of Directors, for adoption by the Board.

  The Appointments and Compensation Committee also organizes a process for selecting future Directors (both independent and non-independent) and members of the Board's specialized committees. To do so, in addition to the diversity policy adopted by the Board, the Committee defines specific expectations for each selection of a new Director or appointment of a Director to a committee. It may use an external recruitment firm, which must then comply with the diversity policy adopted by the Board, and the Committee's specific additional expectations. It conducts its own research on potential candidates before any approach is made to them. The Committee may meet with the pre-selected candidates. At the end of the selection process, the Committee makes a recommendation regarding one or more candidates to the Board of Directors, which will decide, in the case of appointing a new Director, whether or not to propose the appointment of said candidate (s) to the General Meeting.

  With regard to the appointment of the Chief Operating Officers, the Committee proposes to the Board of Directors a selection process that guarantees the presence of at least one person of each gender among the candidates until the end of the selection process. These nomination proposals endeavor to seek a balanced representation of women and men.

  When it makes its recommendations, the Appointments and Compensation Committee must ensure that the independent members of the Board and its specialized committees, including the Audit Committee and the Appointments and Compensation Committee, have at least the minimum number of independent members required by the corporate governance principles to which the Company adheres;
- *conducting an annual assessment of the independence of the Board members* – Each year, before the publication of the Company's Corporate Governance Report, the Appointments and Compensation Committee assesses whether each Board member meets the Company's independence criteria and submits an opinion to the Board for its consideration on the situation of each individual in relation to these criteria;

- *evaluating the functioning of the Board of Directors* – The Appointments and Compensation Committee prepares an annual report for the Board of Directors to enable the Board to discuss its practices, to ensure that important issues are properly prepared and discussed within the Board, and to measure the effective contribution of each member to the Board's work. It also prepares a report to enable the Board of Directors to evaluate the practices of its permanent Committees under the same conditions and with the same frequency;
- *examining and making proposals to the Board of Directors concerning all aspects and terms and conditions of the compensation of the Group's main executives and senior management as well as the Chairman and, where applicable, the Vice-Chairman of the Board of Directors* – The Appointments and Compensation Committee draws up proposals that include fixed and variable compensation, as well as, where applicable, stock options, performance share allotments, pension and provident insurance plans, hiring bonuses, termination packages and non-compete allowances, benefits in kind or other specific benefits, and any other direct or indirect compensation (including long-term benefits) that may constitute compensation for members of the senior management, under the conditions provided by the regulations. It is informed of these aspects of the compensation of the Group's senior executives and the relevant compensation policies that have been implemented within the Group. The Committee also drafts proposals about the compensation of the Chairman of the Board of Directors, and, where applicable, that of the Vice-Chairman under the conditions required by regulations. When preparing its proposals and work, the Appointments and Compensation Committee takes into account the corporate governance standards to which the Company adheres;
- *examining and making proposals to the Board of Directors concerning the budget and distribution method for Directors' fees* – The Appointments and Compensation Committee makes proposals to the Board regarding the budget and distribution of Directors' fees and the individual payments to be made to members of the Board, taking into account their attendance at Board and Committee meetings, their responsibilities and the time they are required to devote to their duties;
- *exceptional duties* – The Committee is consulted to make recommendations to the Board of Directors on all exceptional compensation relating to exceptional duties that may be assigned, where applicable, by the Board of Directors to some of its members; and
- *reviewing any negative vote on the compensation of executive corporate officers and providing advice on the matter to the Board of Directors* – When the Ordinary General Meeting issues a negative vote on the compensation paid during or allotted for the year ended to the executive corporate officers, the Committee gives its opinion to the Board in order to enable it to discuss this subject at a later meeting.

Practices

A meeting of the Appointments and Compensation Committee is valid when there is a quorum of two members in attendance. The proposals of the Appointments and Compensation Committee are adopted by a simple majority of those attending the meeting, each member having one vote.

The Appointments and Compensation Committee may meet as many times as it deems necessary, but must meet at least once a year, prior to the meeting in which the Board assesses whether its members meet the Company's independence criteria (for more information on the concept of "independence" see section 3.1.4 "Independence of Directors" in this Universal Registration Document), and, in any event, prior to any Board meeting deciding on the compensation of senior management or the distribution of Directors' fees.

3.2.1.3 / Corporate, Environmental and Social Responsibility Committee

The Company's Board of Directors has established a Corporate, Environmental and Social Responsibility Committee and set the terms of its internal regulations as follows.

Composition

The Corporate, Environmental and Social Responsibility Committee is composed of four members, who are appointed for an indefinite period (such appointment shall terminate, in all circumstances, when they cease to be a member of the Board of Directors). When selecting members of the Committee, particular consideration is given to their independence, as well as to their expertise in assessing issues relating to corporate, environmental and social responsibility.

The composition of this committee was modified by the Company's Board of Directors at its meeting of April 4, 2019. It was chaired in 2020 by Brigitte Taittinger-Jouyet (Independent Director), and its other three members were Delphine Mousseau (Independent Director), Jean-Marc Janaillac (Independent Director) and Caroline Grégoire Sainte Marie (Independent Director).

Duties

The duties of the Corporate, Environmental and Social Responsibility Committee focus on the three components of sustainable development identified by the Company: corporate responsibility, environmental responsibility and social responsibility.

This committee reviews the actions and results of the previous year and presents Fnac Darty's strategic priorities for the current year.

It covers such topics as social dialogue, equal treatment, gender equality, employment of young people and older workers, diversity, environmental impact management, cultural initiatives and social inclusion, and sourcing in Asia, particularly for Darty-branded products or products licensed under the Darty banner.

The Committee also ensures that the disclosures in chapter 2 "Non-financial Performance Declaration" of this document have been verified by an independent third-party body to certify their compliance with Article L. 225-102-1, paragraphs 5 and 6.

Accordingly, the Corporate, Environmental and Social Responsibility Committee's internal regulations define its main duties as follows:

- *examining the corporate, environmental and social policies enacted by the Company* – The Committee conducts the annual examination of the corporate, environmental and social policies enacted by the Company, the targets set and the results obtained in these areas. The Committee assesses these areas in light of the business activities of the Company and of its subsidiaries, and any information it may have on suppliers and their subcontractors. To this end, it also reviews the Group's Business Code of Conduct, which is distributed to employees, suppliers, partners and subcontractors of the Group, and the Fnac Darty CSR Charter and, where applicable, suggests improvements to the Charter.

  Once a year, the Committee also examines a summary of ratings awarded to the Company and its subsidiaries by the non-financial rating agencies.

  In addition, the Committee examines the quality of social dialogue within the Company and reviews any opinion surveys that may have been conducted.

  Lastly, the Committee annually identifies the priority areas for corporate, environmental and social policies, proposes objectives and defines actions to achieve them;
- *examining the main corporate, environmental and social risks and opportunities for the Company* – Each year, the Committee prepares a presentation mapping any risks related to the corporate, environmental and social responsibilities of the Company in light of specific challenges in the Company's business activities. It examines the risks identified, reviews the procedures for protecting against those risks and monitors their development;
- *examining the Company's publications in the areas of corporate, environmental and social responsibility* – Each year, the Committee reviews all information published by the Company that relates to issues of corporate, environmental and social responsibility. In this respect, the Committee reviews the reporting, assessment and control systems annually, to enable the Group to produce reliable information for these areas;
- *examining issues relating to the promotion of diversity, equity and equality* – Each year, the Committee examines all issues relating to the promotion of diversity, equity and equality in the Company. Where necessary, it summarizes its observations as recommendations and submits them to the Board of Directors. It also monitors and distributes the recommendations adopted by the Board of Directors;
- *examining of the impact of the brands' business on the environment* – Each year, the Committee examines the impact of the Company's business on the environment. It prioritizes questions concerning energy consumption, carbon dioxide emissions arising directly or indirectly from the Company's activities, and initiatives promoting the collection and recycling of end-of-life products. Where necessary, it summarizes its observations as recommendations and submits them to the Board of Directors. It also monitors and distributes the recommendations adopted by the Board of Directors;
- *involving the brands in a sustainable societal approach* – The Committee pays particular attention to changes in societal trends strongly linked to the Group's activities, such as the fight against cultural exclusion, freedom of expression, the rise of digital technology and automation, and the development of a more responsible approach to consumption.

  It supports initiatives to promote these values among the general public, inviting people to become involved with initiatives undertaken by the Company (such as offering to act as partners with non-profit associations, a solidarity sign-up program, collecting entertainment products for redistribution to those most in need of them, etc.);
- *involving employees in the brands' corporate, environmental and social policies* – Each year, the Committee draws up proposals to strengthen employees' involvement in the Company's corporate, environmental and social policies. In this respect, it identifies how best to communicate the key messages to the greatest number of people, to further employees' awareness of these messages, and to provide training on its key corporate, environmental and social policies. It also reviews changes to proposals that have previously been adopted and implemented and, where necessary, proposes additional changes and/or further actions to be taken; and

- *examining fair practices in light of the Group's ethical principles set out in the Fnac Darty Business Code of Conduct* – In this context, the Committee examines and makes proposals to the Board specifically on issues relating to the prevention and detection of corruption and influence peddling.

Practices

A meeting of the Corporate, Environmental and Social Responsibility Committee is valid when there is a quorum of two members in attendance. The Corporate, Environmental and Social Responsibility Committee's proposals are adopted by a simple majority of those attending the meeting, each member having one vote. The Committee meets as many times as it deems necessary, and at least once a year, prior to the Board meeting to convene the Company's Annual General Meeting.

3.2.1.4 / Strategy Committee

In 2019, the Company's Board of Directors decided to establish a Strategy Committee and set the terms of its internal regulations as follows.

Composition

The Committee is composed of (i) the Chairman of the Board of Directors, (ii) the Executive Corporate Officer (if this role is not combined with that of the Chairman of the Board), (iii) the Chair of the Audit Committee, (iv) the Chairman of the Appointments and Compensation Committee, and (v) the Chair of the Corporate, Environmental and Social Responsibility Committee, i.e. a minimum of four members in the case of accumulation of directorships as indicated above and a maximum of five members if no accumulation of directorships as indicated above.

The Executive Corporate Officer (if not a Director) and the Group's Chief Financial Officer attend the meetings of the Strategy Committee.

The Committee is chaired by the Chairman of the Board of Directors, unless this role is combined with that of CEO.

The Chairman of the Committee may invite certain Directors who are not members of the Committee to attend the meetings.

This Committee is therefore composed as follows: it is chaired by Jacques Veyrat (Chairman of the Board of Directors and Independent Director) and its other four members are Antoine Gosset-Grainville (Chairman of the Appointments and Compensation Committee and Independent Director), Carole Ferrand (Chair of the Audit Committee and Independent Director), Brigitte Taittinger-Jouyet (Chair of the Corporate, Environmental and Social Responsibility Committee and Independent Director) and Enrique Martinez (CEO and Director).

Duties

The Strategy Committee has two main tasks:

a) general role: the general role of the Committee is to consider the broad strategic priorities of the Group that may be implemented by the executives, specifically in the fields of business, investment, partnerships or any other matter considered central to the Group's future and, where appropriate, make recommendations to the Board of Directors in this regard;

b) specific role: at the request of the Chairman, the Executive Corporate Officer or the Board of Directors, the Committee may also be required to provide an opinion on planned investments or divestments, including the acquisition, sale or exchange of shareholdings in any existing companies or companies to be created, which must be subject to prior authorization by the Board of Directors.

If necessary, the Committee may delegate the task of formulating any opinion on a particular subject to the Chairman, one of its members or any sub-committee composed of several of its members.

In this context, the Strategy Committee carries out the following main tasks:

- the Committee may speak with the Executive Corporate Officer (if not a Director) and, if necessary, interview the managers of any operational or functional entities that may be relevant to the execution of its tasks. The Chairman shall give advance notification thereof to the Executive Corporate Officer, unless they are a member of the Committee. In particular, the Committee is entitled to interview the Director of Strategy and M&A or any person designated by them; and
- the Committee may request external expert studies on matters falling within its competence at the Company's expense, subject to reporting back to the Board on these matters.

Practices

A meeting of the Strategy Committee is valid when there is a quorum of two members in attendance. The Strategy Committee's proposals are adopted by a simple majority of those attending the meeting, each member having one vote. The Strategy Committee meets at least once a year and as many times as it deems necessary.

3.2.2 / CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

3.2.2.1 / Internal regulations of the Board, Market Ethics Charter and the handling of insider information

The Board of Directors assumes the duties and exercises the powers conferred by law, the Bylaws and the internal regulations of the Board, which are available on the Group's website.

It establishes and assesses the direction, objectives and performance of the Company and ensures that they are implemented in accordance with the corporate interest, taking into account the social and environmental challenges of its business. Subject to the powers expressly attributed to the General Meetings and within the limits of the corporate purpose, it handles all issues affecting the Company's operations and regulates the Company's affairs by its deliberations.

The Board carries out the audits and verifications it deems necessary.

The conditions for the preparation and organization of the work of the Board of Directors are defined by law, the Company's bylaws, the Board's internal regulations and the work of the Board of Directors' specialized committees. The Board has drawn up internal regulations for each of the committees.

In accordance with the law and its internal regulations, the Board of Directors meets at least four times per year and at any other time, as often as the Company's interests so require. To enable the Directors to prepare as well as possible for the issues that are to be reviewed in meetings, a comprehensive dossier that includes the necessary information for each subject on the agenda is sent to them in a timely manner ahead of the meeting.

The internal regulations define the frequency and conditions for Board meetings and provide for the possibility of participating by videoconference and/or teleconference. The bylaws also provide for the possibility of Directors making decisions by means of written consultation.

They also establish the principle of regular evaluation of the Board's functioning and define the procedures for distributing Directors' fees under the conditions provided for by the regulations.

The internal regulations require the Directors to inform the Chairman of the Board of Directors of any conflict of interest, including potential conflicts of interest, between their duties to the Company and their private interests and/or other duties. Directors are not allowed to abstain from taking part in any discussions or voting on any item that concerns them directly or indirectly.

A Market Ethics Charter, updated at the meeting of October 17, 2019, has been adopted by the Board of Directors. The Charter reiterates the regulatory obligations of corporate officers, persons exercising responsibilities, executives and insiders, in particular those relating to the prevention of insider trading. It also defines rules regarding restrictions on trading in the Company's shares or, more generally, the Group's shares, by stipulating "blackout periods" implemented in advance of the publication of annual and half-yearly results and quarterly financial information, and reiterates the rules for the declaration of securities transactions by executives and persons closely linked to them. The Market Ethics Charter also designates an ethics officer responsible for addressing any questions and concerns from insiders with regard to the Charter.

3.2.2.2 / Limitations imposed by the Board of Directors on the powers of the Chief Executive Officer

Under the law, the Chief Executive Officer is vested with the broadest powers to act in the name of the Company in all circumstances. He exercises those powers within the limits of the corporate purpose and the powers expressly assigned by law to the General Meeting and to the Board of Directors.

As regards the Board of Directors' statutory duty to set the strategic priorities for the Company's business and ensure their implementation, and without prejudice to the legal provisions concerning authorizations that must be granted by the Board, the internal regulations of the Board of Directors require certain decisions made by the Chief Executive Officer to be submitted to the Board of Directors for prior approval, due to the type of decision or its material nature.

In its decision of July 17, 2017, the Board of Directors maintained the limitations of powers that had been set out in Article 3.3 of the version of the internal regulations of the Board of Directors dated January 26, 2017, which are as follows:

"The Chief Executive Officer must obtain the Board's prior consent for any of the following transactions:

a) issues and transactions that materially affect the Group's strategy, financial structure or scope of business;

b) the following transactions conducted by the Company or any entity controlled by the Company if they exceed the threshold set by the Board of Directors:

(i) any investment or divestment, including an acquisition or sale or exchange of interests in any companies currently existing or to be created, insofar as such transactions exceed an amount defined by the Board and valid for the duration set by the Board in its decision,

(ii) any surety, endorsement or guarantee of any kind, insofar as such transactions exceed an amount defined by the Board and valid for the duration set by the Board in its decision, and

(iii) any borrowing (or series of borrowings) or loans, of any type, or the prepayment of a loan, insofar as such transactions exceed an amount defined by the Board and valid for the duration set by the Board in its decision.

The Board also ensures that, if a strategic or significant transaction falls outside the strategy announced by the Company, sufficient information is provided to enable prior authorization to be obtained from the Board of Directors."

In this context and at its meeting of July 25, 2019, the Board of Directors decided to submit for prior authorizations any transactions which exceed the following thresholds:

- any surety, endorsement or guarantee issued up to an annual overall limit of €50 million;
- any investment or divestment, including an acquisition or sale or exchange of interests in any companies currently existing or to be created, that exceeds €30 million; and
- any borrowing (or series of borrowings) or lending of money of any kind or prepayment of a loan that exceeds €50 million.

At this meeting, the Board decided that these authorizations and thresholds should be set for a period of two years expiring on July 31, 2021.

Furthermore, the Board is regularly notified of the financial position, the cash position and the commitments of the Company and the Group. In fact, the Group's Chief Financial Officer attends all Board meetings (with the exception of those held in the absence of the Chief Executive Officer) during which he can highlight, where appropriate, any facts or significant events relating to these matters.

3.2.2.3 / Work of the Board and its specialized committees

Assessment of the Board of Directors and the specialized committees

Pursuant to the provisions of the Board's internal regulations and the AFEP-MEDEF Corporate Governance Code, once a year the Board devotes one item on the agenda to a review of the composition, organization and functioning of the Board and its Committees and the effective contribution of the Directors to the Board's work.

At its meeting of February 23, 2021, the Board read the conclusions from the detailed questionnaires previously sent to Board members and conducted the annual assessment of its operation and its committees. The Board noted that all Directors had returned their questionnaire and that the responses showed a generally high level of satisfaction, with no difficulties or inadequacies highlighted. In general, the Board members believe that the Board and its Committees function effectively, and that the important issues are well discussed.

In accordance with the internal regulations of the Board, the last three-year formal assessment of the Board was conducted in 2020 on its functioning during the year ended December 31, 2019 (independent third-party assessment).

Board of Directors

Work of the Board of Directors in 2020

The Board met seven times in 2020, with an average attendance rate of 98%. All meetings were chaired by the Chairman of the Board of Directors. Individual attendance figures for Directors at meetings of the Board of Directors are given at the end of this chapter (3.2.2.3).

At its meeting of January 16, 2020, the Board of Directors: **Attendance rate: 92%**

- examined the initial revenue and results trends for 2020; and
- reviewed a status update on business in the Netherlands.

At its meeting of January 28, 2020, the Board of Directors: **Attendance rate: 100%**

- reviewed the business performance in the fourth quarter of 2019 and the preliminary results for 2019;
- established the budget priorities for 2020;
- reviewed the work of the Audit Committee meeting of December 6, 2019;
- conducted the annual review of regulated agreements; and
- conducted the annual evaluation of current agreements concluded under normal conditions.

At its meeting of February 26, 2020, the Board of Directors: Attendance rate: 100%

- approved the annual financial statements and reports for 2019, after taking into account the work undertaken by the Audit Committee in 2019, the 2020 audit plan and the 2019 risk mapping;
- reviewed and approved the 2020 budget and the commercial policy;
- reviewed the work of the Appointments and Compensation Committee meeting of February 24, 2020 and:
  - approved the variable compensation for 2019 of the Chief Executive Officer and the amount. The Chief Executive Officer and the Chairman of the Board were not in attendance when this decision was made by the Directors,
  - approved the compensation policy for corporate officers, in particular the terms regarding the fixed compensation for the Chairman and the Chief Executive Officer and the variable compensation for 2020 for the Chief Executive Officer. The Chief Executive Officer and the Chairman of the Board were not in attendance when this decision was made by the Directors;
- approved the special report on stock subscription options and the allocation of bonus shares issued during the year (in application of Articles L. 225-184 and L. 225-197-4 of the French Commercial Code);
- reviewed the work of the Corporate, Environmental and Social Responsibility Committee meeting of February 21, 2020, and approved the corporate and environmental information to be published in the Management Report;
- approved the report on Corporate Governance; and
- approved the draft resolutions and the agenda for the General Meeting of Shareholders of May 28, 2020.

At its meeting of March 27, 2020, the Board of Directors: Attendance rate: 100%

- reviewed an update regarding the health crisis; and
- outlined an adjusted financing plan in response to the health crisis.

At its meeting of April 9, 2020, the Board of Directors: Attendance rate: 100%

- gave an update;
- examined the revenue for the first half of the year and approved an adjusted financing plan in response to the health crisis.

At its meeting of April 18, 2020, the Board of Directors: Attendance rate: 100%

- reviewed the work of the Appointments and Compensation Committee meeting of April 10, 2020;
- examined and approved the updates to the Universal Registration Document; and
- decided on the amended agenda for the General Meeting of Shareholders of 28 May 2020 and decided that it should take place behind closed doors.

At its meeting prior to the General Meeting of May 28, 2020, the Board of Directors: Attendance rate: 100%

- approved the implementation of the stock buyback program, subject to approval of this program by the Combined General Meeting of May 28, 2020;
- approved the long-term incentive plan for certain senior executives of the Group; and
- prepared for the Combined Ordinary and Extraordinary General Meeting of May 28, 2020.

At its meeting of June 16, 2020, the Board of Directors: Attendance rate: 92%

- reviewed an update on activity and financial communications; and
- approved the long-term incentive plan for employees and Group executives, specifically excluding the Company's corporate officers.

At its meeting of July 29, 2020, the Board of Directors: Attendance rate: 100%

- reviewed the work of the Audit Committee meeting of July 24, 2020 on the approval of the half-year financial statement;
- examined and approved the half-year financial statements as of June 30, 2020; and
- adopted a procedure for authorizing guarantees, pledges and endorsements.

At its two meetings of October 21, 2020, the Board of Directors, initially meeting as the full Board and then in the absence of the Chief Executive Officer: Attendance rate: 100%

- reviewed the business performance in the third quarter of 2020;
- approved the Company's management planning documents; and

- reviewed the work of the Appointments and Compensation Committee meeting of September 15 and October 21, 2020, the Corporate, Environmental and Social Responsibility Committee meeting of October 5, 2020 and the Audit Committee meeting of October 13, 2020.

At the end of this meeting, the Board of Directors met in the absence of the Chief Executive Officer. The discussions lasted for sixty minutes and took place in the presence of the Directors only. The Chief Executive Officer was not in attendance.

Work of the Board of Directors from January 1 to February 26, 2021

At its meeting of January 19, 2021, the Board of Directors: **Attendance rate: 92%**

- discussed the initial revenue and results trends for 2020; and
- discussed the budgetary priorities for 2021.

At its meeting of January 26, 2021, the Board of Directors: **Attendance rate: 100%**

- reviewed the business performance in the fourth quarter of 2020 as well as budget priorities for 2021;
- approved the Group's strategic plan;
- conducted an annual review of the regulated agreements and read the report on the evaluation of agreements relating to current transactions concluded under normal conditions.

At its meeting of February 23, 2021, the Board of Directors: **Attendance rate: 100%**

- reviewed the work of the Audit Committee, meeting on February 19, 2021 for 2020, the 2021 audit plan approved by the 2020 Audit Committee and risk mapping reviewed by the Audit Committee, and approved the annual financial statements and reports for financial year 2020;
- reviewed and approved the 2021 budget and the Everyday strategic plan;
- reviewed the work of the Appointments and Compensation Committee meeting of February 19, 2021, and approved the variable compensation for 2020 of the Chief Executive Officer and the amount and terms of the Chief Executive Officer's fixed and variable compensation for 2021. The Chief Executive Officer was not in attendance when this decision was made by the Directors;
- established the distribution of Directors' fees (formerly "attendance fees") for 2020;
- reviewed the work of the Corporate, Environmental and Social Responsibility Committee meeting of February 22, 2021, and approved the corporate and environmental information to be published in the Management Report;
- approved the report on Corporate Governance, the Board's Management Report, and the Board's Draft Resolutions Report and the draft resolutions of the Annual Combined General Meeting.

Audit Committee

Work of the Audit Committee in 2020 and up to February 18, 2021

Work of the Audit Committee in 2020

In 2020, the Audit Committee met six times, with an average attendance rate of 100%.

The first meeting was held on February 24, 2020 and mainly focused on: **Attendance rate: 100%**

- a presentation of Fnac Darty financial results as of December 31, 2019;
- reviewing the work to close the parent company and consolidated financial statements and their notes for Fnac Darty as of December 31, 2019;
- reviewing the independence and objectivity of the Statutory Auditors, the amount of fees paid to them and the report on the services provided that are directly related to their duties as Statutory Auditors;
- reviewing the Statutory Auditor's supplementary report;
- reviewing the summary statement of services other than the certification of the financial statements for the year 2019;
- reviewing the draft 2019 Universal Registration Document, specifically those chapters relating to the financial statements, the management report, corporate governance and risk factors and internal control; and
- reviewing the draft press release on the 2019 annual results.

The Committee meeting of March 24, 2020 focused solely on: Attendance rate: 100%

- reviewing the Group's financing.

The Committee meeting of May 25, 2020 mainly focused on: Attendance rate: 100%

- a presentation of the Restart plan following the reopening of stores;
- a presentation of the initial impacts of Covid on the accounts.

The Committee meeting of July 24, 2020 mainly focused on: Attendance rate: 100%

- a presentation of the Fnac Darty financial statements as of June 30, 2020 and a review of the half-year financial report;
- reviewing the work to close the half-year financial statements for the period ended June 30, 2020;
- a meeting held with the Statutory Auditors on their limited review of the half-year financial statements;
- reviewing the internal audit work for the first half of 2020;
- reviewing the draft press release on the half-year results; and
- reviewing the remedial action taken to counter cyber risk.

The Committee meeting of October 13, 2020 mainly focused on: Attendance rate: 100%

- reviewing the follow-up work on the 2020 audit plan;
- reviewing the main legal, tax and social security disputes and audits underway within the Group's scope of consolidation;
- reviewing the follow-up work on services other than the certification of the financial statements, as of the end of September 2020; and
- reviewing the remedial action taken to counter IT risk on the ability to support the transformation of the Group.

The Committee meeting of December 03, 2020 mainly focused on: Attendance rate: 100%

- reviewing the 2021 Fnac Darty risk mapping;
- reviewing the follow-up work on services other than the certification of the financial statements, as of November 30, 2020;
- the proposed 2021 audit plan;
- reviewing the Group's long-term financing strategy;
- reviewing the approach and methodology used for impairment tests; and
- reviewing the remedial action taken to counter the risks associated with franchises and supplier relations.

The Committee meeting of February 19, 2021 mainly focused on: Attendance rate: 100%

- a presentation of Fnac Darty financial results as of December 31, 2020;
- reviewing the work to close the parent company and consolidated financial statements and their notes as of December 31, 2020;
- reviewing the independence and objectivity of the Statutory Auditors, the amount of fees paid to them, the total amount of fees paid for services other than the certification of the financial statements, as well as the nature of those services provided that are directly related to their duties as Statutory Auditors;
- reviewing the Statutory Auditor's supplementary report;
- reporting on the evaluation of agreements relating to current transactions concluded under normal conditions;
- reviewing the summary statement of services other than the certification of the financial statements for the year 2020;
- reviewing the draft 2020 Universal Registration Document, specifically those chapters relating to the financial statements, the management report, corporate governance and risk factors and internal control; and
- reviewing the draft press release on the 2020 annual results.

The Audit Committee reported on its work and made recommendations to the Board of Directors.

Appointments and Compensation Committee

Work of the Appointments and Compensation Committee in 2020 and up to February 19, 2021

Work of the Appointments and Compensation Committee in 2020

In 2020, the Appointments and Compensation Committee met five times, with an average attendance rate of 100%.

The first meeting was held on February 24, 2020 and mainly focused on: Attendance rate: 100%

- an assessment of the work of the Board and the specialized committees by an external consultancy firm;
- reviewing the regulatory changes applicable from the 2020 General Meeting;
- reviewing the components of the 2019 variable compensation for the Chief Executive Officer;
- reviewing and proposing a compensation policy for corporate officers, in particular:
  - reviewing and proposing the conditions and components of compensation for 2020 for the Group's main executives,
  - reviewing and proposing a structure for the 2020 fixed and variable compensation of the Chief Executive Officer,
  - reviewing and proposing 2020 fixed compensation for the Chairman of the Board,
  - defining the method for distributing Directors' fees and the budget for 2020;
- reviewing the ex-ante and ex-post Say on Pay draft resolutions to be submitted to the vote of the 2020 General Meeting;
- reviewing the distribution of Directors' fees (previously called "attendance fees") for 2019;
- reviewing succession plans for the executive corporate officers;
- the composition of the Board of Directors and the specialized committees:
  - an update on the proportion of men and women on the Board of Directors and the diversity thereof,
  - a proposal for renewing and appointing new Directors,
  - reviewing the independence criteria for Directors and the issuing of an opinion on the independence of each Director. Directors who sit on the Appointments and Compensation Committee did not take part in the decisions concerning their own independence, and
  - Audit Committee: reviewing the specific financial, accounting or statutory audit expertise of the members of the Audit Committee;
- reviewing the draft report on corporate governance;
- reviewing the policy of the Company (Fnac Darty SA) on equal opportunities and equal pay; and
- notification of the appointment of Enrique Martinez to the Board of Directors of Nuxe as a non-executive member.

The Committee meeting of April 10, 2020 mainly focused on: Attendance rate: 100%

- reviewing and proposing the implementation of an authorization to award bonus shares to employees, with the express exclusion of corporate officers; and
- reviewing and proposing changes to the compensation of corporate officers during the lockdown period.

The Committee meeting of May 20, 2020 mainly focused on: Attendance rate: 100%

- reviewing and proposing a draft long-term incentive plan for 2020:
  - reiterating the obligation for corporate officers to hold shares received from bonus share awards and the exercise of stock options.

The Committee meeting of September 15, 2020 mainly focused on: Attendance rate: 100%

- reviewing and proposing rules for adjusting the objectives of long-term incentive plans currently in place, in the context of the health crisis.

The Committee meeting of October 21, 2020 mainly focused on: Attendance rate: 100%

- reviewing and proposing rules for adjusting the objectives of long-term incentive plans currently in place, in the context of the health crisis.

The work of the Appointments and Compensation Committee in 2021 up to February 19

The Committee meeting of February 19, 2021 mainly focused on: **Attendance rate: 100%**

- assessing the work of the Board and the specialized committees;
- reviewing the components of the 2020 variable compensation for the Chief Executive Officer;
- reviewing and proposing a compensation policy for corporate officers, in particular:
  - reviewing and proposing a structure for the 2021 fixed and variable compensation of the Chief Executive Officer,
  - reviewing and proposing 2021 fixed compensation for the Chairman of the Board,
  - defining the method for distributing Directors' fees 2021;
- reviewing and proposing the ex-ante and ex-post Say on Pay to be submitted to the vote of the 2021 General Meeting;
- reviewing the distribution of Directors' fees for 2020;
- reviewing succession plans for the executive corporate officers;
- the composition of the Board of Directors and the specialized committees:
  - an update on the proportion of men and women on the Board of Directors and the diversity thereof,
  - a proposal for renewing and appointing new Directors,
  - reviewing the independence criteria for Directors and the issuing of an opinion on the independence of each Director. Directors who sit on the Appointments and Compensation Committee did not take part in the decisions concerning their own independence, and
  - Audit Committee: reviewing the specific financial, accounting or statutory audit expertise of the members of the Audit Committee;
- reviewing the draft report on corporate governance;
- reviewing the diversity objectives of the executive management bodies;
- reviewing and proposing the conditions and components of compensation for 2021 for the Group's main executives.

The Appointments and Compensation Committee reported on its work and made recommendations to the Board of Directors.

Corporate, Environmental and Social Responsibility Committee

Work of the Corporate, Environmental and Social Responsibility Committee in 2020 and up to February 22, 2021

The Corporate, Environmental and Social Responsibility Committee met twice in 2020, with all members of the committee in attendance.

On February 21, 2020, the Committee reviewed: **Attendance rate: 100%**

- the actions carried out during 2019 and the Group's compliance with the obligations of the Non-financial Performance Declaration. It also looked at the Group's social policy in 2019, particularly in terms of structural changes, skills development and reinforcing a shared culture.

On October 2, 2020, the Committee reviewed: **Attendance rate: 100%**

- the CSR policy of Nature & Découvertes; and
- a summary of the CSR actions undertaken by Fnac Darty since the previous Committee meeting.

On February 22, 2021, the Committee reviewed: **Attendance rate: 100%**

- the actions carried out during 2020 and the Group's compliance with the obligations of the Non-financial Performance Declaration. It also examined the management roadmaps for the various CSR pillars.

All information relating to the Group's CSR policies and performance is disclosed in chapter 2 "Non-financial Performance Declaration" of this document.

Strategy Committee

Work of the Strategy Committee in 2020

The Strategy Committee met once in 2020 and worked on drafting a new strategic plan. It invited all Members of the Board of Directors to meet at a seminar on October 16, 2020. At this meeting, the Committee:

- approved the new wording of the Group's mission;
- considered the strategic priorities of the new strategic plan put forward by the executive management;
- considered the financial impact of the new strategic plan.

Attendance of Directors at meetings of the Board of Directors and specialized committees

Director	Board of Directors	Audit Committee	Appointments and Compensation Committee	Corporate, Environmental and Social Responsibility Committee	Strategy Committee
Jacques Veyrat	10/10	X	X	X	1/1
Brigitte Taittinger-Jouyet	10/10	X	5/5	2/2	1/1
Delphine Mousseau	10/10	X	X	2/2	1/1
Daniela Weber-Rey	10/10	6/6	X	X	1/1
Sandra Lagumina	8/10	6/6	X	X	1/1
Antoine Gosset-Grainville	10/10	X	5/5	X	1/1
Nonce Paolini	10/10	X	5/5	X	1/1
Caroline Grégoire Sainte Marie	10/10	X	X	2/2	1/1
Carole Ferrand	10/10	6/6	X	X	1/1
Enrique Martinez	10/10	X	X	X	1/1
Javier Santiso	10/10	X	X	X	1/1
Jean-Marc Janaillac	10/10	X	X	2/2	1/1
Franck Maurin	10/10	X	X	X	1/1
Julien Ducreux [(a)]	0/10	X	X	X	X

(a) The appointment of Julien Ducreux as a Director representing employees was ratified by the Board of Directors on October 21, 2020.

3.2.2.4 / Procedure for the regular evaluation of current agreements concluded on normal terms

In accordance with the provisions of Article L. 22-10-12 of the French Commercial Code, at its meeting of October 17, 2019, the Board of Directors implemented a procedure to evaluate, on a regular basis, whether agreements relating to current transactions concluded under normal conditions, entered into directly or through an intermediary, between Fnac Darty SA and any of its corporate officers or shareholders holding more than 10% of the voting rights, or in which any such person has an indirect interest, or entered into between Fnac Darty SA and another company, if the Chief Executive Officer, any of the Chief Operating Officers or any of the Directors of the Company is the owner, a fully liable partner, a manager, a Director or a member of the Supervisory Board or, more generally, a person in any way involved in the management of that company, fulfill these conditions.

The procedure stipulates that the Group's Legal and Financial Departments conduct an annual evaluation of the current agreements concluded under normal conditions, on the basis of the definitions of "current transactions" and "normal conditions" set out in the guidance on regulated and current agreements issued in 2014 by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes). If necessary, they may engage the Statutory Auditors in order to identify any agreements that might be reclassified as regulated agreements.

Individuals that have a direct or indirect interest in any such agreements are not involved in their evaluation.

Any agreements concluded by Fnac Darty SA with companies in which Fnac Darty SA directly or indirectly holds all of the capital, minus the minimum number of shares required to comply with legal requirements, if applicable, are excluded from the scope of the evaluation procedure.

The Legal and Financial Departments report their evaluation annually to the Audit Committee and the Board of Directors, which may request to hear from representatives of the Legal and Financial Departments as part of the process of approving the results of this evaluation.

As no agreements were reported to the Legal and Financial Departments, the Members of the Board of Directors were reminded of the procedure for evaluating agreements relating to current transactions concluded under normal conditions in 2020 at the Board meeting of January 26, 2021. The Board of Directors has concluded that there are no current agreements concluded under normal conditions as described in the procedure.

3.2.3 / STATEMENT ON CORPORATE GOVERNANCE

The Company refers to the recommendations of the AFEP-MEDEF Corporate Governance Code for listed companies (the "AFEP-MEDEF Code"), updated in January 2020.

The AFEP-MEDEF Code to which the Company refers may be consulted online (1). The Company makes copies of this Code available to members of its corporate bodies.

The Company unreservedly complies with all its recommendations.

3.2.4 / SHARE TRANSACTIONS BY DIRECTORS

The transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out during the 2020 period and until March 1, 2021 and notified to the Company were as follows.

It should be noted that pursuant to the decision expressed at the General Meeting of May 28, 2020, and in accordance with the Board of Directors' decision of April 18 to reduce by 25% the overall compensation of the Chairman and Chief Executive Officer paid in 2020 during the period in which Group employees were significantly subject to furlough measures due to the Covid-19 health crisis, Enrique Martinez, Chief Executive Officer, reinvested in shares of the Group, 50% of his 2019 variable compensation paid in 2020 net of social security charges and tax, once this was submitted to, and approved by, the shareholders.

Enrique MARTINEZ, Chief Executive Officer and Director

Acquisition of performance shares (March 2, 2020)	
Total amount	€0
Number of shares	9,576
Unit price	€0

Enrique MARTINEZ, Chief Executive Officer and Director

Acquisition of shares (March 12, 2020)	
Total amount	€37,474.785
Number of shares	1,350
Unit price	€27.7591

(1) *https://afep.com/wp-content/uploads/2020/01/Code-Afep_Medef-r%C3%A9vision-janvier-2020_-002.pdf.*

Enrique MARTINEZ, Chief Executive Officer and Director	
Acquisition of performance shares (May 18, 2020)	
Total amount	€0
Number of shares	3,136
Unit price	€0

Enrique MARTINEZ, Chief Executive Officer and Director	
Acquisition of shares (June 4, 2020)	
Total amount	€69,000
Number of shares	2,000
Unit price	€34.50
Acquisition of shares (June 8, 2020)	
Total amount	€70,000
Number of shares	2,000
Unit price	€35
Acquisition of shares (June 9, 2020)	
Total amount	€16,862.5
Number of shares	475
Unit price	€35.50

3.3 / Compensation and benefits for administrative and executive bodies

3.3.1 / COMPENSATION POLICY FOR CORPORATE OFFICERS: CHAIRMAN OF THE BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICER (AND/OR ANY EXECUTIVE CORPORATE OFFICER), MEMBERS OF THE BOARD OF DIRECTORS

General prior notice

The term of office of the corporate officers is specified in section 3.1 of this document.

3.3.1.1 / Compensation policy

On the recommendation of the Appointments and Compensation Committee, and taking into account the recommendations of the AFEP-MEDEF Code, the Board of Directors has established a compensation policy for each of the Company's corporate officers in accordance with its corporate interest, contributing to its sustainability and forming part of its business strategy as presented in chapter 1 of this document.

It is defined in such a way as to be both competitive in order to attract and retain high-performance executives and proportionate to the scope of the duties and responsibilities entrusted to each of the Chairman, executive corporate officers and Board members in order to align with the corporate interests of the Company.

The Chairman's compensation may consist of fixed compensation, compensation in respect of Directors' duties and benefits adapted to his role within the Company. In accordance with the recommendations of the AFEP-MEDEF Code, there is no provision for variable compensation.

The compensation of the Chief Executive Officer and/or any other executive corporate officer is assessed in a comprehensive and exhaustive manner and is structured so as to have a balance between fixed annual compensation, short-term variable compensation and long-term compensation in order to adapt to the various challenges faced by the Company. The executive corporate officer also receives benefits tailored to his role within the Company. Where applicable, and under very specific circumstances, exceptional compensation may be submitted to the vote of the General Meeting. If he is a Director, he may receive compensation in respect of these functions.

The fixed portion of the compensation is determined in accordance with market practices.

The variable portion of the compensation, whether annual or long-term, is subject to the achievement of objectives established in accordance with criteria based on the Company's strategic priorities. These criteria are reviewed on a regular basis although long-term stability is favored. The objectives to be achieved for each criterion are determined annually in order that they may be adapted to the Company's goals and to the expected timeframe for each system (short-term for the annual variables, long-term for stock purchase options and performance shares).

With regard to annual variable compensation, the economic and financial criteria are paramount.

The maximum potential compensation for remunerating and encouraging outperformance is determined with regard to market practices.

No element of compensation, of any type whatsoever, can be determined, allocated or paid by the Company, and no commitment made by the Company if it does not comply with the approved compensation policy or, in the absence thereof, with the compensation or practices existing within the Company.

The determination, review and implementation of the compensation policy of each of the corporate officers are conducted by the Board of Directors on the recommendation of the Appointments and Compensation Committee. In order to prevent any risk of conflict of interest, it is specified that neither the Chairman of the Board, nor the Chief Executive Officer, nor any other executive corporate officer shall participate in the deliberations or votes of the Board on these matters, specifically with regard to themselves.

As part of the decision-making process used for determining and reviewing the compensation policy, the compensation and employment conditions of the Company's employees are taken into account by the Appointments and Compensation Committee and the Board, which also examines the conditions and compensation elements of the Group's main executives on an annual basis. The Board thus ensures alignment and consistency between the principles of compensation of the corporate officers and Group executives with the Company's priority objectives, regarding both the structure of their compensation and the performance criteria for short-term variable and long-term compensation.

3.3.1.2 / Compensation policy of the Chairman of the Board of Directors

The compensation policy submitted to the vote of the next General Meeting is set by the Board of Directors on the recommendation of the Appointments and Compensation Committee.

The elements comprising the total compensation and benefits of any kind that may be granted to the Chairman of the Board in respect of the office concerned are as follows:

Fixed compensation

The fixed annual compensation for the Chairman must be determined in accordance with market practices.

This analysis takes into account the key aspects of the Company and the scope of the executive's field of action, such as:

- revenues, budget, staff;
- the context in which the duties are performed, with the assessment of strategic challenges, and short- and long-term growth prospects; and
- the level and the complexity of responsibilities.

The Board of Directors reviews the fixed compensation of the Chairman of the Board annually with the objective of revising it only at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code.

It is specified that, for information purposes, at its meeting of February 23, 2021, on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to maintain the fixed compensation of its Chairman for 2021 at €200,000.

Annual variable and long-term compensation, stock options and performance shares

Pursuant to the AMF recommendations, the Board of Directors is not planning to grant variable compensation, long-term compensation, stock options or allot bonus performance shares to the Chairman of the Board.

Directors' fees

The Chairman may receive compensation for his role as a Director, the amount of which is set, distributed and allotted according to rules applicable to all members of the Board.

The rules for the allotment of Directors' fees are currently as follows:

- subject to the approval by the General Meeting of May 27, 2021 of the increase of the fixed annual amount to be allocated to the Board of Directors from €500,000 to €515,000 in order to take account of the appointment of a Director representing the employees to the Appointments and Compensation Committee in 2021, in accordance with the recommendations of the AFEP-MEDEF Code, 62% of the €515,000 representative of the total annual amount of the compensation is allocated to the members of the Board of Directors, i.e. a sum of €320,000 or, in the event of rejection of the proposed increase of the annual fixed amount to be allocated to the Board, 61% of the €500,000 representative of the total annual amount of this compensation is assigned to the members of the Board of Directors, i.e. €305,000;
- this amount is comprised 30% of a fixed component and 70% of a variable component, which reflects Directors' attendance at Board meetings;
- the balance, of €195,000, is allocated to the members of the specialized committees and distributed as follows: €90,000 to the Audit Committee, €69,000 to the Appointments and Compensation Committee (versus €54,000 in 2020) and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions are allocated based on attendance at committee meetings; and
- the Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting; and
- no specific compensation is allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and (with the exception of the Executive Corporate Officer) serve as Chairman of the Board or chairs of the specialized committees.

For information purposes, it is specified that, in accordance with the decision of the Board of Directors of July 17, 2017, Jacques Veyrat no longer receives any compensation for his role as Director, since he was appointed Chairman of the Board of Directors on that date.

Other benefits

The Chairman of the Board may have a company car consistent with the Company's current vehicle policy and market practices; for information purposes, it is specified that Jacques Veyrat has never had one.

3.3.1.3 / Compensation policy of the Chief Executive Officer and/or any other executive corporate officer

The compensation policy submitted to the vote of the next General Meeting is set by the Board of Directors on the recommendation of the Appointments and Compensation Committee.

The elements comprising the total compensation and benefits of any kind that may be granted to the Chief Executive Officer and/or any other executive corporate officer in respect of the mandate concerned are as follows:

Fixed compensation

The fixed annual compensation for the executive corporate officers must be determined in accordance with market practices.

This analysis takes into account the key aspects of the Company and the scope of the executive's field of action, such as:

- revenues, budget, staff;
- the context in which the duties are performed, with the assessment of strategic challenges, and short- and long-term growth prospects; and
- the level and the complexity of responsibilities.

The Board of Directors reviews the fixed compensation of the executive corporate officer(s) annually with the objective of revising it only at relatively long intervals, in accordance with the recommendations of the AFEP-MEDEF Code.

For information purposes, it is specified that the gross annual fixed compensation of Enrique Martinez for 2021 is €750,000. This amount has not changed since 2019.

Annual variable compensation

The annual variable compensation of executive corporate officers is determined by the Board of Directors which, every year, sets the nature of the quantitative objectives and qualitative goals along with their relative weighting for the variable portion of compensation. Variable compensation is proportional and may currently represent between 0% (no objective achieved) and 100% of fixed annual compensation if objectives are achieved. Overall, this variable compensation may reach a maximum of 150% of annual fixed compensation if the objectives are exceeded.

To take account of the priorities of the new Everyday strategic plan presented on February 23, 2021, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, resolved to make changes to the structure of annual variable compensation. Economic and financial criteria remain predominant. Variable compensation is broken down as 60% on business and financial targets, 10% on a customer experience target, 10% on objectives relating to corporate, social and environmental responsibility, and 20% on qualitative goals.

The weight of the various economic and financial criteria was rebalanced in order to:

- place greater emphasis on free cash-flow, the recurring generation of which is a major objective of the Everyday strategic plan;
- increase the share of revenue, with ambitious growth targets, in particular through accelerated growth in online sales;
- also make it possible to include an objective linked to customer experience, a historical hallmark of Fnac Darty, further strengthened by the ambition of the Group's brands to embody the new standards of omnichannel retail, placing advice, sustainability, and service at the heart of its customers' daily lives.

In addition, on the recommendation of the Appointments and Compensation Committee, the Board of Directors resolved to cap the potential compensation for qualitative goals at 100% of the potential at achieved target on these criteria, with no possibility of compensation for outperformance. The maximum unused potential is reallocated to the financial criteria.

Currently, the business and financial targets set by the Board of Directors for the variable portion are as follows:

- Group current operating income (COI) corresponding to 20% of the total bonus for a level of achievement of 100% of the target, with a maximum of 166.7% in the event of outperformance;
- Group free cash flow (FCF) corresponding to 20% of the total bonus for a level of achievement of 100% of the target, with a maximum of 166.7% in the event of outperformance;
- Group revenue corresponding to 20% of the total bonus for a level of achievement of 100% of the target, with a maximum of 166.7% in the event of outperformance.

Currently, the customer experience target set by the Board of Directors for the variable portion is as follows:

- the net promoter score corresponding to 10% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance.

Currently, the objectives related to the Company's corporate, social and environmental responsibility set by the Board of Directors for the variable portion are as follows:

- the Group's non-financial rating corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance; and
- commitment of the Group's employees corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance.

The expected achievement level of each of the business and financial targets, as well as for the objectives relating to customer experience and corporate, social and environmental responsibility set for the executive corporate officers, are pre-determined each year by the Board of Directors using a specific methodology, but are not published for confidentiality reasons.

Every business, financial, customer experience target, and corporate, social and environmental responsibility objective is subject to:

- a trigger threshold below which no compensation is payable for the target concerned; and
- an achievement level above which the compensation is capped for the objective concerned.

For each economic or financial target, customer experience, and every corporate social and environmental responsibility goal, when the result reported is between the trigger threshold and the target set, the variable compensation percentage for the target or goal concerned is determined on a straight-line basis between the two (0% and 100%). The same applies when the result observed is between the target and the cap (100% and 166.7% for financial criteria and 100% and 150% for customer experience or corporate, social and environmental responsibility criteria).

In terms of qualitative goals, the Board of Directors has decided to maintain the objectives related to quality of management, social climate, quality of financial communication, quality of shareholder reporting, and relations with Directors. An objective related to the launch and roll-out of the Everyday strategic plan was also added. The nature of these qualitative goals is pre-determined by the Board of Directors using a specific methodology, which is not divulged due to confidentiality reasons.

Each of the two qualitative goals corresponds to 10% of the overall objective. The potential compensation for qualitative goals is capped at 100% of the target potential achieved on these criteria, with no possibility of compensation for outperformance.

These variable compensation criteria are aligned with the Group's strategic objectives, and contribute in particular to the Group's business, financial, and economic performance objectives.

The weight of revenue reflects the Company's business ambitions set out in its Everyday strategic plan, spearheaded by the acceleration of the Group's omnichannel model, the growing digitalization of consumption, and the unique regard in which customers hold its brands thanks to the advice and services provided. Through its various brands and retail channels, Fnac Darty is able to offer an unrivaled range of value-added, committed and engaging products and services, with a strong ambition to conquer new markets, such as the large domestic appliance market, and urban mobility.

The profitability objectives with current operating income and cash-flow generation seek to bolster the Company's financial strength, allow it to continue its development and ensure its continuity.

The strength of the current operating income will be reinforced in particular with the profitability at the end of the plan of all integrated stores, and the development of new promising formats such as kitchens or small local formats.

The generation of cash-flow will be enhanced by the transformation of the service offering, with the development of a new subscription-based business model, with recurring cash-flows, which consolidates a long-term quality relationship with the Company's customers and works to extend the life span of its products.

The integration of the Net Promoter Score as a measure of customer experience shows Fnac Darty's ambition to reinvent the way it serves its customers, in particular through its digital ecosystem, allowing it to showcase the advice and recommendations that are the strength of the Group's brands, to make the customer experience more fluid, and to strengthen daily a trust-based relationship with its customers, on the basis of a new subscription-based home assistance service.

Since 2019, the measurement of social and environmental responsibility criteria has provided for alignment with the mission of the Group, i.e. "committed to providing an educated choice and more sustainable consumption" to its customers, which provides a way to stand out and to create value. Consideration of the Group's non-financial rating reflects Fnac Darty's ambition to be recognized as a responsible retailer. These ratings are established by independent agencies that measure performance in a comprehensive manner, covering environmental issues as well as social and governance aspects. Furthermore, the monitoring of employee commitment, the Company's main asset, particularly within a context of major transformation, demonstrates the importance of human capital for the Group, whose employees strive to guide consumers in order to enable them to make the best choice, an educated choice, thereby marking significant competitive differentiation.

Finally, the qualitative goals, reviewed each year, encourage high-quality operational performance and the rapid and effective roll-out of key projects for the Company's transformation, which create value.

At its meeting called to approve the annual financial statements, the Board of Directors measures each of the economic and financial, customer experience, and social and environmental responsibility criteria, based on the performance for the entirety of the year in question. The qualitative criteria are assessed at the same meeting on the basis of the Appointments and Compensation Committee's evaluation.

Long-term compensation, stock options and performance shares

The executive corporate officers are eligible for the long-term incentive plans that the Board of Directors awards to the other members of the Executive Committee. The plans granted to the executive corporate officers may take the form of stock option plans, bonus shares subject to performance conditions, or plans paid in cash, also subject to performance conditions. The purpose of these plans is to align the interests of the executive corporate officers more closely with the interests of shareholders.

In accordance with the recommendations of the AFEP-MEDEF Code, the grant value of such plans within the IFRS 2 framework is proportionate to the annual fixed and variable components. The Board of Directors also ensures that it is consistent with market practices.

Thus, the value of the long-term compensation at the time of its initial allocation may represent a maximum of 50% of the total compensation (this total is equal to the sum of the annual fixed compensation, the maximum variable compensation and the long-term compensation).

These plans do not include a vesting period less than three years.

Vesting in these plans is subject to:

- satisfying a condition of employment at maturity, except in exceptional circumstances set out in the plan rules, for example in the event of death, disability or a change in control of the Company, it being specified that, in the event of termination of their term of office, plans awarded to Directors and executive corporate officers during the vesting period are lost, unless the Board of Directors expressly decides to maintain them by applying a pro rata reduction in the number of securities that may still vest at maturity;
- satisfying several performance conditions set by the Board of Directors, at least one of which will be associated with the Company's share price.

The performance criteria, which are identical to those used for Executive Committee member plans, are stringent. They only permit vesting once a trigger threshold is reached and are measured over a period covering the years referenced by the plans. When performance against a criterion is measured in relative terms by comparison with an index or a peer group, the performance threshold below which no compensation for the criterion is payable is either the median or the average of the index of the comparison group.

The performance conditions will be assessed at the end of each plan in accordance with the procedures set out in the plan regulations in order to allow the Board, or the executive corporate officer by virtue of the sub-delegation by the Board of Directors, to record the fulfilment of the acquisition criteria for the long-term compensation (performance conditions and presence conditions).

Pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board decided that:

- the executive corporate officers must hold, in registered form, until the end of their term of office, a minimum number of shares corresponding to 25% of their fully vested shares (net of fees and taxes and the disposals necessary to exercise options) on each of the bonus share and option plans allotted to them by the Board on or after the date of their appointment; it is specified that the plans from which they may have benefited earlier as employees are not included in this requirement; and
- this percentage would be lowered to 5% once the number of shares held by the executive corporate officers from bonus share allotments and options exercised in all plans represents an amount equal to twice their gross annual fixed compensation, which is the minimum number of shares that the executive corporate officers must hold in registered form until the end of their term of office, as recommended in paragraph 23 of the AFEP-MEDEF Code.

In accordance with the recommendations of the AFEP-MEDEF Code, the executive corporate officers who receive share options and/or performance shares formally commit not to hedge their risk on the options, the shares resulting from the exercise of options, or the performance shares, until the end of the share lock-up period set by the Board of Directors.

By aligning the long-term interests of the executives and shareholders, establishing performance conditions based on market performance, but also on economic, financial or social and environmental responsibility criteria based on the Group's strategic priorities, the variable long-term compensation contributes to the objectives of the compensation policy. Furthermore, by stipulating, in accordance with Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, rules for retaining the shares fully vested under each of the bonus share and option plans in registered form, this method of compensation supports the continuity of the Company.

Exceptional compensation

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors does not intend to award exceptional compensation to the executive corporate officers except in very special circumstances. The payment of such compensation must be able to be justified by an event such as the achievement of a major transaction for the Company or specific substantial outperformance that is not measured as part of the annual variable compensation. The value of exceptional compensation awarded may represent up to 100% of the annual fixed compensation and the maximum annual variable compensation.

Directors' fees

If they are Directors of the Company, executive corporate officers may receive compensation in respect of their directorships, which is determined, distributed and allocated to the executive officers according to the rules applicable to all members of the Board.

The rules for the allotment of Directors' fees are currently as follows:

- subject to the approval by the General Meeting of May 27, 2021 of the increase of the fixed annual amount to be allocated to the Board of Directors from €500,000 to €515,000 in order to take account of the appointment of a Director representing the employees to the Appointments and Compensation Committee in 2021, in accordance with the recommendations of the AFEP-MEDEF Code, 62% of the €515,000 representative of the total annual amount of the compensation is allocated to the members of the Board of Directors, i.e. a sum of €320,000 or, in the event of rejection of the proposed increase of the annual fixed amount to be allocated to the Board, 61% of the €500,000 representative of the total annual amount of this compensation is assigned to the members of the Board of Directors, i.e. €305,000;
- this amount is comprised 30% of a fixed component and 70% of a variable component, which reflects Directors' attendance at Board meetings;
- the balance, of €195,000, is allocated to the members of the specialized committees and distributed as follows: €90,000 to the Audit Committee, €69,000 to the Appointments and Compensation Committee (versus €54,000 in 2020) and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions are allocated based on attendance at committee meetings;
- the Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting; and
- no specific compensation is allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and (with the exception of the Executive Corporate Officer) serve as Chairman of the Board or chairs of the specialized committees.

For information purposes, it is specified that, in accordance with the decision of the Board of Directors of February 20, 2019, Enrique Martinez does not receive any compensation for his office as Director.

Other benefits

In the absence of an employment contract with the Company, executive corporate officers benefit from an unemployment insurance plan specifically for non-salaried corporate officers, to compensate, to some extent, for the lack of unemployment insurance similar to that provided for employees.

Executive corporate officers have company cars consistent with the Company's current vehicle policy and market practices.

In accordance with the provisions of Article L. 22-10-34 of the French Commercial Code, the payment of any components of variable and, where applicable, exceptional compensation awarded to executive corporate officers for the previous year is subject to the approval by an Ordinary General Meeting of the components of that person's compensation under the conditions set out in the said article.

Commitments

Severance package

Executive corporate officers may receive a severance package upon termination of their appointment, which will be subject to compliance with criteria of a financial and, where applicable, non-financial nature that contribute to the objectives of the compensation policy. If such a commitment were to be implemented by the Board of Directors, it would comply with the recommendations of the AFEP-MEDEF Code concerning the cap of two years' compensation (annual fixed + variable) on the package.

Enrique Martinez does not benefit from such a commitment, whether as Chief Executive Officer or under the terms of his employment contract, which was suspended when he took office in July 2017.

In the event of termination of the employment contract, three months' notice shall be provided. If the termination is at the initiative of the Chief Executive Officer, no severance pay is due. If the termination is at the initiative of the Company, legal or conventional compensation shall be provided.

Non-compete agreement

Executive corporate officers may be subject to a non-compete agreement limited to a period of two years from the end of their term of office, in return for which they may receive, in installments over the duration of the agreement, a gross allowance of up to 80% of their fixed monthly compensation, with the Board of Directors having the option to waive implementation of this clause.

The non-compete agreement falls within the recommendations of the AFEP-MEDEF Code, which provides a cap of two years' compensation (annual fixed + variable), together with any severance pay.

In addition, the payment of compensation under the non-compete agreement is precluded as soon as the executive exercises his or her pension rights. In any event, no such compensation may be paid when the recipient is older than 65 years of age.

In this context, Enrique Martinez is subject to a non-compete agreement in the specialty retail market for entertainment and electronic products and domestic appliances for the consumer market in the countries where the Group operates. This non-compete agreement is limited to two years starting at the end of his term of office. In consideration for this agreement, Enrique Martinez will receive, in installments for its duration, a gross allowance representing 70% of his fixed monthly compensation, for a period of two years from the effective end of his term of office. The Board of Directors is entitled to waive implementation of this clause.

This commitment was approved by the General Meeting of May 18, 2018 in its Fifth Resolution and was the subject of an amendment approved by the General Meeting of May 23, 2019 to bring it into line with the recommendations of the AFEP-MEDEF Code. During its annual review of regulated agreements at its meeting of January 26, 2021, the Board reviewed and approved the continuation of this commitment.

Supplementary pension plan

The executive corporate officers may benefit from a supplementary defined-contribution pension plan.

Accordingly, Enrique Martinez is a member of the supplementary defined-contribution pension plan recognized under Article 83 of the French General Tax Code, which also includes all executives of Fnac Darty companies in France, all on the same terms.

This agreement was approved by the Shareholders' Meeting held on May 18, 2018 as part of resolution five. During its annual review of regulated agreements at its meeting of January 26, 2021, the Board reviewed and approved the continuation of this commitment.

Provident insurance plan

Executive corporate officers may benefit from participation in a provident insurance plan.

Accordingly, Enrique Martinez is a member of the provident insurance plan (medical expenses, incapacity and disability, death benefits) covering all employees of Fnac Darty companies in France included in this policy, all on the same terms.

This agreement was approved by the Shareholders' Meeting held on May 18, 2018 as part of resolution five.

Lastly, it is specified that in the event of the appointment of Chief Operating Officers, this compensation policy for the Chief Executive Officer and/or any other executive corporate officer would apply to them. In this regard, they would be entitled to an employment contract as provided by the law.

3.3.1.4 / Compensation policy of members of the Board of Directors

Compensation allocated to members of the Board of Directors

The General Meeting determines the total amount of compensation allocated to the members of the Board of Directors.

Based on the recommendations of the Appointments and Compensation Committee, the Board of Directors has established the compensation policy of the members of the Board of Directors, which, in accordance with the regulations, is subject to the vote of the next General Meeting. This policy involves the distribution of Directors' fees according to the actual attendance of members at meetings of the Board and the specialized committees held during the year concerned.

The criteria for distributing the annual fixed amount allocated by the General Meeting to the members of the Board have been set by the Board on the proposal of the Appointments and Compensation Committee and are as follows:

- subject to the approval by the General Meeting of May 27, 2021 of the increase of the fixed annual amount to be allocated to the Board of Directors from €500,000 to €515,000 in order to take account of the appointment of a Director representing the employees to the Appointments and Compensation Committee in 2021, in accordance with the recommendations of the AFEP-MEDEF Code, 62% of the €515,000 representative of the total annual amount of the compensation is allocated to the members of the Board of Directors, i.e. a sum of €320,000 or, in the event of rejection of the proposed increase of the annual fixed amount to be allocated to the Board, 61% of the €500,000 representative of the total annual amount of this compensation is assigned to the members of the Board of Directors, i.e. €305,000;
- this amount is comprised 30% of a fixed component and 70% of a variable component, which reflects Directors' attendance at Board meetings;
- the balance, of €195,000, is allocated to the members of the specialized committees and distributed as follows: €90,000 to the Audit Committee, €69,000 to the Appointments and Compensation Committee (versus €54,000 in 2020) and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions are allocated based on attendance at committee meetings;
- the Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting; and
- no specific compensation is allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and (with the exception of the Executive Corporate Officer) serve as Chairman of the Board or chairs of the specialized committees.

The portion of the compensation calculated but not paid to Directors who elect not to receive their compensation is not reallocated to the other Directors.

In accordance with Article 6 of its internal regulations, the Board of Directors may allocate exceptional compensation to some of its members for missions or mandates entrusted to them and which will therefore be subject to the regulated agreements regime.

Furthermore, it is specified that certain Directors may receive compensation under an employment contract as provided by the law, in particular the Directors representing the employees with an open-ended employment contract.

3.3.2 / INFORMATION REFERRED TO IN PARAGRAPH I OF ARTICLE L. 22-10-9 OF THE FRENCH COMMERCIAL CODE FOR EACH CORPORATE OFFICER OF THE COMPANY

In accordance with the decision of the Board of Directors of April 18, 2020, communicated at the General Meeting of May 28, 2020, the annual fixed compensation paid to the Chairman and the Chief Executive Officer in 2020 was reduced by 25% for the period during which the Group's employees were significantly subject to furlough measures due to the Covid-19 health crisis. The variable compensation paid to the Chief Executive Officer in 2020 for 2019 was reduced by the same proportion.

Similarly, the overall compensation allocated to members of the Board of Directors paid in 2021 for 2020 has been reduced by 25% for the same period.

The fixed compensation for 2020 of members of the Executive Committee was reduced by 15% over the same period.

Enrique Martinez, Chief Executive Officer, has also chosen to reinvest 50% of his variable compensation for 2019 paid in 2020, net of social contributions and taxes, in Group shares, after approval by the shareholders at the General Meeting held on May 28, 2020.

It is specified that the total compensation of the Chairman and the Chief Executive Officer complies with the compensation policy approved by the General Meeting of May 28, 2020 under the Eleventh and Twelfth Resolutions.

The information referred to in paragraph I of Article L. 22-10-9 of the French Commercial Code and indicated below for each corporate officer shall be submitted to the vote of the next General Meeting in the context of a general resolution. In addition, the compensation items paid during 2020 or allocated for 2020 to the Chairman of the Board of Directors and the Chief Executive Officer referred to below shall each be the subject of a specific resolution submitted to the vote of the General Meeting in accordance with Article L. 22-10-34 II of the French Commercial Code.

3.3.2.1 / Compensation and benefits paid to the Chairman of the Board of Directors

The Company is a French limited company with a Board of Directors. The duties of the Chairman of the Board of Directors and the Chief Executive Officer are separated and have been exercised by Jacques Veyrat and Enrique Martinez, respectively, since July 17, 2017.

Jacques Veyrat does not have an employment contract.

At its meeting of February 24, 2020, on the recommendation of the Appointments and Compensation Committee, the Board of Directors considered and decided on the elements of the compensation package for its Chairman, Jacques Veyrat.

The stated amounts allocated correspond to all compensation awarded to Jacques Veyrat for each of the years mentioned, irrespective of the date of payment. The amounts paid correspond to all compensation received by Jacques Veyrat during each of the years mentioned.

These components were determined in accordance with the compensation policy approved by the General Meeting of May 28, 2020 in its eleventh resolution.

Fixed compensation

The Chairman's 2020 gross annual fixed compensation was set at €200,000 and has not changed since 2017. The gross amount payable for 2020 was €200,000. The gross amount paid in 2020 was €193,033, in accordance with the Board of Directors' decision of April 18, 2020, as set out in the introduction to section 3.3.2.

For reference, in 2019, the gross amount paid and allocated for that year was €200,000.

Directors' fees

At its meeting of July 17, 2017, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, resolved that, as Jacques Veyrat would now receive fixed annual compensation as Chairman, he would no longer be entitled to compensation for his directorship after his appointment. Jacques Veyrat did not receive any compensation for his directorship for 2020.

Summary table of compensation, options and performance shares awarded to the Chairman of the Board of Directors

Table 1 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Jacques VEYRAT Chairman of the Board of Directors	2019	2020
Gross compensation allocated for the period	€200,000	€200,000
Valuation of multi-year variable compensation allocated during the period	n.a.	n.a.
Valuation of options awarded during the period [(a)]	n.a.	n.a.
Valuation of performance shares awarded during the period [(b)]	n.a.	n.a.
Valuation of other long-term compensation plans	n.a.	n.a.
TOTAL	**€200,000**	**€200,000**

(a) No options were awarded in 2019 or 2020.
(b) No performance shares were awarded in 2019 or 2020.

Tale summarizing the compensation of the Chairman of the Board of Directors

Table 2 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Jacques VEYRAT Chairman of the Board of Directors	2019		2020	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed compensation [(a)]	€200,000	€200,000	€200,000	€193,033
Annual variable compensation	n.a.	n.a.	n.a.	n.a.
Multi-year variable compensation	n.a.	n.a.	n.a.	n.a.
Exceptional compensation	n.a.	n.a.	n.a.	n.a.
Directors' fees	n.a.	n.a.	n.a.	n.a.
Benefits in kind	n.a.	n.a.	n.a.	n.a.
Supplementary pension plans	n.a.	n.a.	n.a.	n.a.
Provident insurance plans	n.a.	n.a.	n.a.	n.a.
TOTAL	**€200,000**	**€200,000**	**€200,000**	**€193,033**

(a) The amount paid during 2020 was reduced in accordance with the Board of Directors' decision of April 18, 2020, as set out in the introduction to section 3.3.2.

Summary of the benefits paid to the Chairman of the Board of Directors

Table 11 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Jacques Veyrat Chairman of the Board of Directors	Employment contract		Supplementary pension plan		Compensation or benefits payable or likely to be payable as a result of termination or change of position		Compensation associated with a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Term of office start date: 07/18/2017 Term of office end date: General Meeting 2022		X		X		X		X

3.3.2.2 / Compensation and benefits paid to the Chief Executive Officer

Given Enrique Martinez's length of service in the Group as of 2017 (19 years) and his status as an inpatriate, the Board of Directors decided, at its July 17, 2017 meeting, on the recommendation of the Appointments and Compensation Committee, to suspend Enrique Martinez's employment contract for the duration of his term as Chief Executive Officer.

At its meeting of February 24, 2020, on the recommendation of the Appointments and Compensation Committee, the Board of Directors considered and decided on the elements of the annual fixed and variable compensation of its Chief Executive Officer, Enrique Martinez.

The stated amounts allocated correspond to all compensation awarded to the Chief Executive Officer for each of the years mentioned, irrespective of the date of payment. The amounts paid correspond to all compensation received by the Chief Executive Officer during each of the years mentioned.

These components were determined in accordance with the compensation policy approved by the General Meeting of May 28, 2020 in its eleventh resolution.

This section presents the compensation and benefits paid and allocated for the previous period to Enrique Martinez as Chief Executive Officer.

Fixed compensation

Chief Executive Officer's 2020 gross annual fixed compensation was set at €750,000 and has not changed since 2019. The gross amount payable for 2020 was €750,000. The gross amount paid in 2020 was €723,873, in accordance with the Board of Directors' decision of April 18, 2020, as set out in the introduction to section 3.3.2.

Annual variable compensation

For 2020, the Chief Executive Officer's annual variable compensation may range from 0% if no objective is reached to 100% of the annual fixed compensation if the objectives are achieved. This variable compensation may reach a maximum of 150% of annual fixed compensation if the objectives are exceeded.

Economic and financial criteria are the predominant considerations when structuring annual variable compensation. It is broken down as follows: 70% on economic and financial targets, 10% on objectives related to corporate, social and environmental responsibility and 20% on qualitative goals.

The 2020 economic and financial targets set for the variable portion of the remuneration are as follows:

- Group current operating income (COI) corresponding to 35% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance;
- Group free cash flow (FCF) corresponding to 15% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance;
- Group revenue corresponding to 15% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance; and
- evolution of Group market shares corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance.

The objectives related to the Company's corporate, social and environmental responsibility for 2020 set for the variable portion of the remuneration are as follows:

- the Group's non-financial rating corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance; and
- employee commitment corresponding to 5% of the total bonus for a level of achievement of 100% of the target, with a maximum of 150% in the event of outperformance.

The level of attainment of the above criteria has been precisely established for each one. Every economic and financial target and corporate, social and environmental responsibility objective is subject to:

- a trigger threshold below which no compensation is payable for the target concerned; and
- an achievement level above which the compensation is capped at 150% for the objective concerned.

For every economic or financial target and corporate, social and environmental responsibility objective where the result reported falls between the trigger threshold and the objective set, the percentage of the variable compensation for the objective concerned is determined on a straight-line basis between the two (0% and 100%). The same applies when the result reported falls between the target or objective set and the cap (100% and 150%).

At its meeting called to approve the annual financial statements, the Board of Directors measures each of the economic, financial and social and environmental responsibility criteria, based on the performance for the whole of 2020. The qualitative criteria are assessed at the same meeting on the basis of the Appointments and Compensation Committee's evaluation.

At its meeting of October 21, 2020, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, in view of the extraordinary impact of the health crisis on the Company's business, reviewed the level of the thresholds for triggering the financial criteria for the Chief Executive Officer's 2020 annual variable compensation. The aims of this decision were to take account of the context of the health crisis when assessing the Chief Executive Officer's performance. The decision makes it possible to maintain ambitious and motivating objectives (with unchanged targets) ahead of the crucial year-end period for the Company's business, by taking measures that are both incentive-based and reasonable. It also makes it possible to align the assessment of the Chief Executive Officer's performance with that of the Company's executives whose compensation includes an annual variable component.

Only the criteria of current operating income before non-recurring items, free cash-flow and revenue were affected by this decision. The criterion of market share and the criterion linked to corporate social responsibility were not revised. Only the trigger levels were revised, while the target and maximum objectives remained unchanged.

The current operating income target in 2020 was partially achieved. The result, showing a very-well contained decline compared to 2019, falls between the trigger and target objectives. As such, the objective of 70.2% was met, and the percentage of compensation under this criterion is 57.23% of the maximum compensation.

The free cash flow target in 2020 was very significantly exceeded. The result, up sharply compared to 2019's performance, falls between the target objective and the cap. As such, the objective of 106.8% was met, and the percentage of compensation under this criterion is 99.21% of the maximum compensation.

The revenue target in 2020 was partially achieved, although it was up significantly from 2019. The result falls between the trigger threshold and the target set. As such, the objective of 96.9% was met, and the percentage of compensation under this criterion is 56.38% of the maximum compensation.

At Group level, in 2020, growth was also noted in market share, even making progress outside the lockdown period to such an extent that it would have surpassed the maximum objective for France. Despite this, the objective of increasing market share over the year as a whole was not achieved in the various key geographical regions. The result falls just below the trigger threshold. As a result, the percentage of compensation under this criterion is 0% of the maximum compensation.

The social and environmental responsibility objective as measured by the Group's non-financial rating was exceeded, with a further significant improvement in the social and environmental responsibility rating in 2020, reaching the cap. As such, the objective of 106.7% was met, and the percentage of compensation under this criterion is 100% of the maximum compensation.

Despite the most unusual circumstances experienced by all of the Group's teams, the objective related to employee commitment was exceeded, with a further increase in the indicator measured among employees. These results are achieved thanks to an analysis of the monthly results of the Group's employee surveys and the concrete actions they enable. The result falls between the target set and the cap. As such, the objective of 102.8% was met, and the percentage of compensation under this criterion is 87.78% of the maximum compensation.

The qualitative goals were assessed by the Board of Directors' meeting on February 23, 2021. The 2020 qualitative goals set for the variable portion of the remuneration are as follows:

- for a weighting corresponding to 10% of the total bonus; execution of Confiance+. Defining and starting to implement a new strategic priority including drivers to secure current operating income for 2020;
- for a weighting corresponding to 5% of the total bonus; quality of management, social climate, quality of financial communication, quality of shareholder reporting, relations with Directors;
- for a weighting corresponding to 5% of the total bonus; execution of the 2020 performance plan.

The Board of Directors, on the recommendation of the Appointments and Compensation Committee, wished to assess the performance of the Chief Executive Officer regarding each of the qualitative objectives outlined, while limiting the compensation that could be associated with them, in the specific context of the health crisis that marked 2020.

The Board thus resolved to cap the overall variable compensation rate on these criteria to 100%, or a variable rate of 20% for a target potential of 20% and a maximum of 30%. The percentage of compensation under this criterion is 66.67% of the maximum compensation.

Despite this, and in addition to slightly exceeding the quantified target objective of the 2020 performance plan, the Board appreciated the excellent performance of Enrique Martinez, who was able to take appropriate measures during the pandemic to allow Fnac Darty to achieve very good results for 2020 (growth in revenue, limiting the impact of the crisis on profitability, and growth in cash-flow), thus showcasing the strength of its model.

The total achievement rate of the 2020 variable portion was 66.09% of the maximum, and the gross amount allocated for 2020 is €743,530.

Pursuant to Article L. 22-10-34 of the French Commercial Code, the payment of this annual variable compensation is subject to the elements of the compensation and benefits of any kind paid in 2020 or awarded for 2020 to Enrique Martinez being approved by the General Meeting on May 27, 2021.

As a reminder, the total achievement rate of the 2019 variable portion was 60.83% of the maximum, and the gross amount allocated for the service of the Chief Executive Officer in 2019 was €684,299.

The amount of €660,461 was paid in June 2020, after the approval of the General Meeting of May 28, 2020, in accordance with the provisions of Article L. 225-100 III of the French Commercial Code (which became L. 22-10-34 II), and reduced in accordance with the decision of the Board of Directors' meeting of April 18, 2020, as set out in the introduction to section 3.3.2.

In accordance with its decision expressed at the General Meeting of May 28, 2020, and in line with the decision of the Board of Directors of April 18 mentioned above, Enrique Martinez, Chief Executive Officer, reinvested 50% of his variable compensation for 2019 paid in 2020, net of social contributions and taxes, in Group shares, after approval by the shareholders at the General Meeting held on May 28, 2020.

Long-term compensation, stock options and performance shares

The Chief Executive Officer is eligible for the long-term incentive plans granted by the Board of Directors, which may take the form of stock option plans, bonus shares subject to performance conditions, or plans paid in cash.

In accordance with the recommendations of the AFEP-MEDEF Code, the grant value of these plans as adopted under IFRS 2 is proportionate to the annual fixed and variable portion of the remuneration, and is capped in accordance with the compensation policy approved by the General Meeting of May 28, 2020 in its twelfth resolution. It is determined by the Board of Directors in light of market practices in accordance with the principles and criteria approved by the General Meeting.

Performance shares awarded during the period to the Chief Executive Officer

At its meeting of May 28, 2020, on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to implement a long-term compensation plan comprised of bonus shares settled with equity instruments.

These shares will be vested upon expiration of a three-year 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 the shares will be conditional upon:

- for 30%, a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of the companies in the SBF120, measured in 2023 for the 2020-2022 period, for the entire period;
- for 50%, satisfying a performance condition related to the achievement of a level of free cash flow measured in 2023 following publication of the Group's annual results for 2022, taking into account the cash flow generated by the Group during 2020, 2021 and 2022, for the entire period; and
- for 20%, on the Company's corporate, social and environmental responsibility performance, measured in 2023, taking into account the Group's non-financial ratings for 2020, 2021 and 2022, for the entire period.

On May 28, 2023, when the vesting period ends, 76,997 shares may be vested under this plan. The valuation of the gross amounts at the grant date and according to IFRS 2 rules, before apportionment of expenses over the vesting period of the equivalent in bonus shares granted in 2020, was €1,599,536. This valuation, for market items, was calculated using the Black & Scholes method based on the following parameters: a reference share price equal to €29.40 per share (price on the first day of vesting, May 28, 2020), volatility of 35% and the Euribor Swap risk-free interest rate. For non-market items, the valuation was calculated based on the best estimate of the achievement of future performance conditions.

Each performance condition is measured at the end of the plan, taking into account the performance over the entire period. Each performance criterion has a trigger threshold below which no shares linked to this criterion may be vested. As regards the comparative TSR criterion, the Company's target objective is to be placed within the top 35 companies. Furthermore, if performance falls below the median performance of the SBF120 during the period measured, no shares will vest.

Performance shares definitively awarded during the period to the Chief Executive Officer

For reference, in 2018, Enrique Martinez was awarded 6,655 bonus shares due to vest fully on May 17, 2020 and 3,328 bonus shares due to vest fully on May 17, 2021 pursuant to Plan No. 2 2018 mentioned in Table 9 AFEP-MEDEF.

The full vesting of each tranche of these bonus shares is conditional on:

- for 30%, a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of the companies in the SBF120; and
- for 70%, achievement of a performance condition linked to a level of current operating income.

The TSR is measured annually, in 2019 for 2018 and in 2020 for the 2018-2019 period for the first vesting period, and in 2021 for the 2018-2020 period for the second vesting period. The current operating income to be achieved is assessed in 2019 after the publication of the Group's 2018 annual results and in 2020 after the publication of the Group's 2019 annual results for the first vesting period, and in 2021 after the publication of the Group's 2020 annual results for the second vesting period.

The full vesting of each tranche of these bonus shares is also subject to a two-year service condition (May 18, 2018 to May 17, 2020) for the first period and a three-year service condition (May 18, 2018 to May 17, 2021) for the second period.

Each performance condition is measured annually. For each year, each performance criterion has a trigger threshold below which no shares linked to this criterion may be vested. Shares lost in one year are not available the following year. All of these criteria were pre-established before the start of the plan.

The first tranche of the bonus shares awarded in 2018 expired on May 17, 2020.

- The TSR was measured annually in 2019 and 2020. The objectives for these two years were partially achieved. The Company's target objective was to be placed within the top 35 companies. The results fall between the trigger threshold and the target set. Therefore, the vesting rates under this criterion are 88% and 65% respectively for each of the periods.
- The level of current operating income was measured in 2019 and 2020 following the publication of the Group's annual results for 2018 and 2019. The objective measured in 2019 was partially achieved. The result falls between the trigger threshold and the target set and the vesting rate was 69%. The objective measured in 2020 was not achieved. The result is below the trigger threshold and the vesting rate for this year is 0%.

Given the relative weight of each criterion over each period, the total vesting rate for this first tranche is 47.1%, i.e. for Enrique Martinez 3,136 shares with a gross vesting value of €80,031, valued at €25.52 per share, the opening price of the Fnac Darty share on May 18, 2020.

The valuation of the gross amounts at the grant date and according to IFRS 2 rules, before apportionment of expenses over the vesting period of the equivalent in bonus shares granted in 2018, was €200,013, vesting on May 17, 2021. This valuation, for market items, was calculated using the Black & Scholes method based on the following parameters: a reference share price equal to €93.30 per share (price on the first day of vesting, May 18, 2018), volatility of 25% and the Euribor Swap risk-free interest rate. For non-market items, the valuation was calculated based on the best estimate of the achievement of future performance conditions.

As a reminder, in 2017, 15,391 bonus shares were allotted to Enrique Martinez. The maturity date for this plan was March 2, 2020.

The full vesting of these bonus shares was conditional on:

- for 20%, a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of the companies in the SBF120;
- for 40%, a performance condition linked to achieving synergies in connection with the merger of the Fnac and Darty groups; and
- for 40%, achievement of a level of current operating income.

The TSR was measured annually in 2019 and 2020. The level of synergies and the current operating income were assessed in 2019 after the publication of the Group's 2018 annual results, and in 2020 after the publication of the Group's 2019 annual results.

Vesting of these bonus shares was also subject to a condition of continuous service for two years (December 15, 2017 to December 14, 2019).

Each performance condition was measured annually. Each performance criterion, for each year, had a trigger threshold below which no share related to this criterion was vested, the shares lost one year not being brought back into play the following year. All of these criteria were pre-established before the start of the plan.

- The TSR was measured annually in 2019 and 2020. The objectives for these two years were partially achieved. The Company's target objective was to be placed within the top 35 companies. The results fall between the trigger threshold and the target set. Therefore, the vesting rates under this criterion are 88% and 65% respectively for each of the periods.
- The synergy goal was measured in 2019 and 2020 following the publication of the Group's annual results for 2018 and 2019. The objectives for these two years were exceeded. The results for each year were above the target objective. Therefore, the vesting rates under this criterion are 100% for each of the periods.
- The level of current operating income was measured in 2019 and 2020 following the publication of the Group's annual results for 2018 and 2019. The objective measured in 2019 was partially achieved. The result falls between the trigger threshold and the target set and the vesting rate was 69%. The objective measured in 2020 was not achieved. The result is below the trigger threshold and the vesting rate for this year is 0%.

Given the relative weight of each criterion over each period, the total vesting rate for this first tranche is 62.2%, i.e. for Enrique Martinez 9,576 shares with a gross vesting value of €378,252, valued at €39.50 per share, the opening price of the Fnac Darty share on March 3, 2020.

Performance shares vested during the period

Table 7 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

N°. and date of plan	Number of shares vested during the period	Percentage of shares initially granted and vested taking into account the performance conditions
Plan No. 1 2017	9,576	62.2%
Plan No. 2 2018	3,136	47.1%

Share subscription options

For reference, in 2018, Enrique Martinez was awarded 20,883 options due to vest fully on May 18, 2020 and 20,883 options due to vest fully on May 18, 2021.

The full vesting of each tranche of these options is conditional on:

- for 30%, a Fnac Darty share performance condition based on the Company's total shareholder return (TSR) compared to that of the companies in the SBF120; and
- for 70%, achievement of a performance condition linked to a level of current operating income.

The TSR is measured annually, in 2019 for 2018 and in 2020 for the 2018-2019 period for the first vesting period, and in 2021 for the 2018-2020 period for the second vesting period. The current operating income to be achieved is assessed in 2019 after the publication of the Group's 2018 annual results and in 2020 after the publication of the Group's 2019 annual results for the first vesting period, and in 2021 after the publication of the Group's 2020 annual results for the second vesting period.

The full vesting of each tranche of these options is also subject to a two-year service condition (May 18, 2018 to May 17, 2020) for the first period and a three-year service condition (May 18, 2018 to May 17, 2021) for the second period.

Each performance condition is measured annually. For each year, each performance criterion has a trigger threshold below which no options linked to this criterion may be vested. Options lost in one year are not available the following year.

Furthermore, stock options, by their nature, require an absolute increase in the share price in order to be exercised and, for this specific plan, a price higher than the exercise price set at €89.43.

The first tranche of the performance options awarded in 2018 expired on May 18, 2020.

- The TSR was measured annually in 2019 and 2020. The objectives for these two years were partially achieved. The Company's target objective was to be placed within the top 35 companies. The results fall between the trigger threshold and the target set. Therefore, the vesting rates under this criterion are 88% and 65% respectively for each of the periods.
- The level of current operating income was measured in 2019 and 2020 following the publication of the Group's annual results for 2018 and 2019. The objective measured in 2019 was partially achieved. The result falls between the trigger threshold and the target set and the vesting rate was 69%. The objective measured in 2020 was not achieved. The result is below the trigger threshold and the vesting rate for this year is 0%.

Given the relative weight of each criterion over each period, the total vesting rate for this first tranche is 47.1%, i.e. for Enrique Martinez 9,838 performance options.

As of the publication date of this document, none of these options had been exercised.

The valuation of the gross amounts at the grant date and according to IFRS 2 rules, before apportionment of expenses over the vesting period of the performance options granted in 2018, was €300,089, vesting on May 18, 2021. This valuation, for market items, was calculated using the Black & Scholes method based on the following parameters: a reference share price equal to €93.30 per share (price on the first day of vesting, May 18, 2018), volatility of 25% and the Euribor Swap risk-free interest rate. For non-market items, the valuation was calculated based on the best estimate of the achievement of future performance conditions.

In addition, pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board decided at its meeting of April 28, 2017 that:

- the executive corporate officers must hold, in registered form, until the end of their term of office, a minimum number of shares corresponding to 25% of their fully vested shares (net of fees and taxes and the disposals necessary to exercise options) on each of the bonus share and option plans allotted to them by the Board on or after the date of their appointment; it is specified that the plans from which they may have benefited earlier as employees are not included in this requirement; and
- this percentage would be lowered to 5% once the number of shares held by the executive corporate officers from bonus share allotments and options exercised in all plans represents an amount equal to twice their gross annual fixed compensation, which is the minimum number of shares that the executive corporate officers must hold in registered form until the end of their term of office, as recommended in paragraph 23 of the AFEP-MEDEF Code.

Lastly, in accordance with the recommendations of the AFEP-MEDEF Code, Enrique Martinez has formally committed not to hedge his risk on the options or shares resulting from the exercise of options, or on the performance shares, until the end of the share lock-up period set by the Board of Directors.

It should also be noted that, to the Company's knowledge, no hedging instruments have been put in place by Enrique Martinez for the options or shares resulting from the exercise of options, or the performance shares, and that this shall be the case until the end of the share lock-up period set by the Board of Directors.

History of the share subscription or share purchase options awarded to the Chief Executive Officer

Table 8 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Information on subscription and purchase options

	Plan no. 1 2018 [(a)]
Date of meeting	06/17/2016
Date of Board of Directors' meeting	05/18/2018
Total number of shares that may be subscribed or purchased by all beneficiaries, of which the number of shares that may be subscribed or purchased by:	97,438
Enrique Martinez	41,766
Start date for exercising options	
1st tranche	*05/18/2020*
2nd tranche	*05/18/2021*
Expiry date	
1st tranche	*05/17/2021*
2nd tranche	*05/17/2022*
Subscription or purchase price	€89.43 (average of the last 20 closing prices of the Fnac Darty share prior to May 18, 2018)
Conditions of exercise	Between 05/18/2020 and 05/17/2021 for the first tranche and between 05/18/2021 and 05/17/2022 for the second tranche
Number of shares subscribed as of 12/31/2020	0
Cumulative number of share subscription or purchase options canceled or expired	25,754
Share subscription or purchase options outstanding at the end of the period	71,684

(a) In view of the performance conditions, 47.1% of the options initially awarded under the first tranche of the 2018 plan were fully vested.

History of the performance shares awarded to the Chief Executive Officer

Table 9 in accordance with the recommendations of the AFEP-MEDEF Code and Table 10 in accordance with AMF position-recommendation No. 2021-02

Information on performance shares

	Plan No. 1 2017 [(a)]	Plan No. 2 2018 [(b)]	Plan No. 3 2019	Plan No. 4 2019	Plan No. 5 2020
Date of meeting	06/17/2016	06/17/2016	06/17/2016	06/17/2016	05/23/2019
Date of Board of Directors' meeting	12/15/2017	05/18/2018	05/23/2019	05/23/2019	05/28/2020
Total number of shares awarded to all beneficiaries, of which the number awarded to:	92,500	109,817	214,449	31,752	616,496
Enrique Martinez	15,391	9,983	0	31,752	76,997
Vesting date of shares	03/02/2020	05/17/2020 for the first tranche (66.67%) 05/17/2021 for the second tranche (33.33%)	05/22/2021 for the first tranche (33.33%) 05/22/2022 for the second tranche (66.67%)	05/22/2022	05/27/2023
End date of the holding period	03/02/2020	05/17/2020 for the first tranche (66.67%) 05/17/2021 for the second tranche (33.33%)	05/22/2021 for the first tranche (33.33%) 05/22/2022 for the second tranche (66.67%)	05/22/2022	05/27/2023
Performance conditions	For 20% of the shares, the performance condition is based on the market performance of the Fnac Darty share (TSR) For 40% of shares, the performance condition is based on achieving specific synergy goals For 40% of the shares, the performance condition is based on achieving specific income goals (Current operating income)	For 30% of shares, the performance condition is based on the market performance of the Fnac Darty share (TSR) For 70% of the shares, the performance condition is based on achieving specific income goals (Current operating income)	For 30% of shares, the performance condition is based on the market performance of the Fnac Darty share (TSR) For 50% of shares, the performance condition is based on achieving a Free Cash Flow (CFL) target For 20% of shares, the performance condition is based on achieving a CSR criterion (improvement in the Vigeo non-financial rating)	For 30% of shares, the performance condition is based on the market performance of the Fnac Darty (TSR) share For 50% of shares, the performance condition is based on achieving a Free Cash Flow (CFL) target For 20% of shares, the performance condition is based on achieving a CSR criterion (improvement in the Vigeo extra-financial rating)	For 30% of shares, the performance condition is based on the market performance of the Fnac Darty (TSR) share For 50% of shares, the performance condition is based on achieving a Free Cash Flow (CFL) target For 20% of shares, the performance condition is based on achieving a CSR criterion (improvement in the Vigeo extra-financial rating)
Number of shares purchased as of 12/31/2020	50,580	32,432	495	0	0
Cumulative number of shares canceled or expired	41,920	44,653	51,675	5,292	0
Performance shares remaining at the year end	0	32,732	162,279	26,460	616,496

(a) In view of the performance conditions, 62.2% of the shares initially awarded under the 2017 plan were fully vested.
(b) In view of the performance conditions, 47.1% of the shares initially awarded under the first tranche of the 2018 plan were fully vested.

In-kind benefits and other benefits

Enrique Martinez is provided with a company car in accordance with the Company's current vehicle policy and market practices, which in 2020 represented an in-kind benefit of €4,607 (accounting valuation). This benefit amounted to €4,010 in 2019.

Enrique Martinez also benefits from an unemployment insurance plan for non-employee corporate officers, for which contributions were paid in the amount of €13,347 for 2020. These contributions are subject to social security and employer taxes and are therefore treated as benefits in kind. In 2019, the contributions paid for unemployment insurance amounted to €13,148.

Supplementary pension plan

The Board of Directors authorized Enrique Martinez's participation in the supplementary defined-contribution pension plan (Article 83 of the French General Tax Code) which benefits all executives of Fnac Darty's French companies included in this policy.

Premiums in 2020 and 2019 amounted to €11,325 and €11,156 respectively.

Provident insurance plan

On July 17, 2017, the Board of Directors authorized Enrique Martinez's participation in the provident insurance plan that benefits all employees of Fnac Darty's French companies included in this policy.

Contributions paid by the Company in 2020 and 2019 amounted to €9,688 and €9,543, respectively.

Directors' fees

At its meeting of February 20, 2019, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided that Enrique Martinez would not receive any compensation in respect of his term of office as a Director, approved by the General Meeting of May 23, 2019. Enrique Martinez did not receive any compensation for his Directorship for 2020.

Total compensation

The amounts paid in 2020 and 2019 in total compensation and its components, as detailed above, totaled €1,423,300 and €1,328,034 respectively, broken down as follows, respectively: fixed compensation of €723,873 and €750,000; annual variable compensation of €660,461 and €540,177; in-kind benefits and other benefits of €17,953 and €17,158; supplementary pension plan contributions of €11,325 and €11,156; and, finally, Company provident insurance plan contributions of €9,688 and €9,543. In addition, the amount allocated for 2020 and to be paid in 2021 as annual variable compensation, subject to the approval of the General Meeting, was €743,530.

Pursuant to Article L. 22-10-34 II of the French Commercial Code, the payment of the annual variable compensation allocated in respect of 2020 is subject to the approval of the elements of the compensation and benefits of any kind paid in 2020 or awarded for 2020 to Enrique Martinez by the General Meeting of May 27, 2021.

Summary table of compensation, options and performance shares awarded to the Chief Executive Officer

Table 1 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Enrique MARTINEZ **Chief Executive Officer**	**2019**	**2020**
Gross compensation allocated for the period	€1,472,156	€1,532,496
SUB-TOTAL GROSS MONETARY COMPENSATION PAYABLE FOR THE YEAR	**€1,472,156**	**€1,532,496**
Valuation of multi-year variable compensation allocated during the period	n.a.	n.a.
Valuation of options awarded during the period [(a)]	n.a.	n.a.
Valuation of performance shares awarded during the year	€1,599,983	€1,599,536
Valuation of other long-term compensation plans	n.a.	n.a.
TOTAL GROSS MONETARY COMPENSATION AND ALLOTMENT OF SECURITIES SUBJECT TO PERFORMANCE AND ATTENDANCE CONDITIONS	**€3,072,139**	**€3,132,032**

(a) No options were awarded in 2019 or 2020.

Summary table of the compensation of the Chief Executive Officer

Table 2 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Enrique MARTINEZ Chief Executive Officer	2019		2020	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed compensation [(a)]	€750,000	€750,000	€750,000	€723,873
Annual variable compensation [(b)]	€684,299	€540,177	€743,530	€660,461
Multi-year variable compensation	n.a.	n.a.	n.a.	n.a.
Exceptional compensation	n.a.	n.a.	n.a.	n.a.
Directors' fees	n.a.	n.a.	n.a.	n.a.
In-kind benefits [(c)]	€17,158	€17,158	€17,953	€17,953
Supplementary pension plans	€11,156	€11,156	€11,325	€11,325
Provident insurance plans	€9,543	€9,543	€9,688	€9,688
TOTAL	**€1,472,156**	**€1,328,034**	**€1,532,496**	**€1,423,300**

(a) *The amount paid during 2020 was reduced in accordance with the Board of Directors' decision of April 18, 2020, as set out in the introduction to section 3.3.2.*

(b) *The amount paid in 2020 for 2019 was reduced in accordance with the Board of Directors' decision of April 18, 2020, as set out in the introduction of 3.3.2.*

(c) *Enrique Martinez benefits from a company car and an unemployment insurance plan.*

Non-compete agreement

The Board of Directors has approved a non-compete agreement with Enrique Martinez in the specialty retail market for entertainment and electronic products and domestic appliances for the consumer market in the countries where the Group operates. This non-compete agreement is limited to two years starting at the end of his term of office. In consideration for this commitment, Enrique Martinez will receive a gross allowance representing 70% of his fixed monthly compensation for a period of two years from the effective end of his term of office. The Board of Directors is entitled to waive implementation of this clause.

This commitment was implemented by the Board of Directors on July 17, 2017 and was approved by the General Meeting of May 18, 2018. On February 20, 2019, it was revised by the Board of Directors in order to align it with the new recommendations of the AFEP-MEDEF Code of June 2018. This amendment was approved by the General Meeting of May 23, 2019.

No amount was due for either 2020 or 2019.

Summary of the Chief Executive Officer's benefits

Table 11 in accordance with the recommendations of the AFEP-MEDEF Code and AMF position-recommendation No. 2021-02

Enrique MARTINEZ Chief Executive Officer	Employment contract [(a)]		Supplementary pension plan		Compensation or benefits payable or likely to be payable as a result of termination or change of position		Compensation associated with a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Term of office start date: 07/18/2017 Open-ended term of office of Chief Executive Officer		X	X			X	X	

(a) *The employment contract of Enrique Martinez was suspended after he took up his new position as Chief Executive Officer, as indicated in the preamble to section 3.3.2.2 of this document.*

3.3.2.3 / Compensation of corporate officers

Compensation paid to members of the Board of Directors

Compensation to be paid in 2020 for 2019

The General Meeting determines the total amount of compensation to be paid to the members of the Board of Directors.

Based on recommendations from the Appointments and Compensation Committee, the Board of Directors determines how the compensation allocated to Directors is to be distributed according to the actual attendance of members at meetings of the Board and the specialized committees held during the period in question, in accordance with the compensation policy approved by the General Meeting.

The General Meeting of May 18, 2018 set this amount at €450,000 for 2018, to be maintained until decided otherwise.

In order to take into account the appointment of two Directors representing the employees during 2019 and 2020 in accordance with the applicable legal provisions, on the recommendation of the Appointments and Compensation Committee, the Board considered it appropriate to propose an increase to €500,000 in the overall annual compensation allocated to Directors starting from the current financial year. The General Meeting of May 28, 2020 set this amount at €500,000 for 2020, to be maintained until decided otherwise.

Based on recommendations from the Appointments and Compensation Committee, on February 24, 2020 the Board of Directors decided, in accordance with the compensation policy approved by the General Meeting, on the distribution of the compensation allocated to members of the Board and specialized committees who attended meetings held in 2019.

60% of this amount of €450,000 was distributed to members of the Board of Directors, divided into a fixed portion equivalent to 30% and a variable portion equivalent to 70%; the variable portion is distributed according to the Board members' attendance at meetings.

The balance, i.e., 40% of this amount, was divided in the following way: 20% (i.e. 50% of the budget allocated to the committees) for the Audit Committee, 12% (i.e. 30% of the overall budget allocated to the committees) for the Appointments and Compensation Committee and 8% (i.e. 20% of the overall budget allocated to the committees) for the Corporate, Environmental and Social Responsibility Committee. This amount is allocated based on members' attendance at committee meetings.

The Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting.

Of the €450,000 total annual allocation for Directors' fees for 2019, a total amount of €393,041 was paid in 2020, broken down as follows:

Name	**Amounts paid in 2019 for 2018** *(in euros)*	**Amounts paid in 2020 for 2019** *(in euros)*	**Amounts allocated in 2020 (to be paid in 2021)** *(in euros)*
Jacques Veyrat	0	0	0
Enrique Martinez		0	0
Patricia Barbizet *	37,299	25,766	0
Carole Ferrand	60,441	60,441	58,756
Antoine Gosset-Grainville	45,013	45,013	43,865
Nonce Paolini	37,299	37,299	36,419
Arthur Sadoun *	8,430	0	0
Brigitte Taittinger-Jouyet	32,190	33,870	48,001
Stéphane Roussel * (permanent representative of Vivendi)	15,150	10,337	0
Simon Gillham * (permanent representative of Compagnie Financière du 42 Avenue de Friedland)	26,510	8,177	0
Delphine Mousseau	29,870	29,870	29,250
Caroline Grégoire Sainte Marie	15,790	25,550	29,250
Daniela Weber-Rey	42,544	47,584	46,347
Sandra Lagumina	37,401	43,264	43,365
Jean-Marc Janaillac		13,373	29,250
Javier Santiso		9,373	21,528
Franck Maurin		3,124	21,528
Julien Ducreux			0
TOTAL	**387,937**	**393,041**	**407,560**

* *Members who have left the Board of Directors.*

In accordance with the decision of the Board of Directors of April 18, 2020, communicated in particular at the Annual General Shareholders' Meeting of May 28, 2020, the compensation paid to Directors in 2020 was reduced by 25% for the period during which the Group's employees were significantly subject to furlough measures due to the Covid-19 health crisis.

This therefore amounts to €407,560. Directors do not receive any other compensation, with the exception of:

- Jacques Veyrat, Chairman of the Board of Directors, who no longer receives any compensation for his directorship since his appointment as Chairman, as indicated in section 3.3.2.1 of the Universal Registration Document;
- Enrique Martinez, Chief Executive Officer, who does not receive any compensation for his directorship, as indicated in section 3.3.2.2 of the Universal Registration Document;
- Franck Maurin, Director representing employees, who receives compensation under the terms of his employment contract.

In 2020, the amounts paid to Franck Maurin amounted to €84,117, including a fixed compensation of €78,925, annual variable compensation paid in shares as decided by the Board of Directors on June 16, 2020 and in the exceptional circumstances of Covid-19 (as of June 16, 2021, 724 shares will be acquired), supplementary pension plan contributions, Article 83 of the French General Tax Code, (which benefits all executives of Fnac Darty's French companies included in this policy under the same conditions and regulations as those above) of €1,836, Company provident insurance plan contributions of €2,328 and finally €1,009 in profit-sharing and incentive bonuses.

To be noted, the amount allocated in 2020 and paid in 2021 as part of the annual variable compensation is not yet determined on the date of publication of this document.

- Julien Ducreux, Director representing employees, who receives compensation under the terms of his employment contract.

In 2020, the amounts paid to Julien Ducreux amounted to €94,307, including fixed compensation of €87,956, annual variable compensation paid in shares as decided by the Board of Directors on June 16, 2020 and in the exceptional circumstances of Covid-19 (as of June 16, 2021, 480 shares will be acquired), supplementary pension plan contributions, Article 83 of the French General Tax Code (to which all executives of Fnac Darty's French companies included in this policy are entitled under the same conditions and regulations as those above) of €2,205, Company provident insurance plan contributions of €2,637, exceptional compensation of €500 and finally, €995 in profit-sharing and incentive bonuses.

To be noted, the amount allocated in 2020 and paid in 2021 as part of the annual variable compensation is not yet determined on the date of publication of this document.

Lastly, on May 28, 2020, the Board of Directors, acting on the recommendation of the Appointments and Compensation Committee, decided to award Julien Ducreux 1,700 performance-based bonus shares under the plan described in section 7.2.4 of this Universal Registration Document, pursuant to the same conditions as for the other 230 beneficiaries of this plan.

Compensation to be paid in 2021 for 2020

Of the total amount of €500,000 Directors fees allocated in 2021 for 2020, on February 26, 2020 the Board of Directors allocated 64%, that is €320,000, to the Board members and 36%, that is €180,000, to the members of the specialized committees.

Of the €320,000 allocated to the Board of Directors, 30% was fixed and 70% was variable. The variable portion was allocated based on members' attendance at Board of Directors' meetings.

The remaining €180,000 allocated to the specialized committees was distributed as follows: €90,000 to the Audit Committee, €54,000 to the Appointments and Compensation Committee and €36,000 to the Corporate, Environmental and Social Responsibility Committee. These portions are allotted strictly on the basis of members' attendance at committee meetings.

No specific compensation has been allocated to the members of the Strategy Committee, as they are also members of the Board of Directors and, with the exception of the Executive Corporate Officer, serve as Chairman of the Board or chairs of the specialized committees.

The portion of the compensation calculated but not paid to the Chairman of the Board and the Chief Executive Officer has not been reallocated to the other Directors.

The Chairman of the Board of Directors and the committee chairs receive a 50% higher fee for their attendance at each meeting.

The Board of Directors meeting of February 23, 2021 allocated a total of €407,560 to members of the Board of Directors and its committees to be paid in 2021 for 2020. In accordance with the Board of Directors' decision of April 18, 2020, mentioned in the introduction of 3.3.2, the sum before a reduction of 25% was €422,270.

3.3.2.4 / Comparison of the level of compensation of corporate officers and that of employees of the Company, and of the Company's performance

In accordance with Article L. 22-10-9 of the French Commercial Code, and in compliance with the AFEP guidelines updated in February 2021, the table below presents the level of compensation owed or allocated in respect of one year to each of the executive corporate officers, set against the average and median compensation owed or allocated in respect of the same year to the employees of the Company other than the corporate officers on a full-time equivalent basis and changes in this ratio over the last five years.

It also presents the annual change:

- in the compensation of corporate officers;
- in the average compensation on a full-time equivalent basis of the Company's employees, other than executives;
- in equity ratios;
- and in the Company's performance.

The scope presented in the second section of the table is that of the listed company, Fnac Darty SA.

The scope presented in the third section of the table is that of the registered office functions, including the listed company. The scope covers a wide variety of functions carried out within the Group, in particular with the teams responsible for trading, purchasing, marketing & digital, support functions and corporate functions.

The scope presented in the fourth section of the table is that of Fnac and Darty companies in France, including the head office companies and the listed company. In addition to those functions included in the scope outlined in the previous paragraph, it covers duties performed in stores, logistics platforms, remote customer relations services, delivery services, after-sales services, and so on. Ratios across this broader Group scope could not be calculated over the last five years, due to the merger between Fnac and Darty during this period. This scope meets the recommendations of the AFEP-MEDEF Code and accounts for more than 90% of the employees of Fnac Darty's French companies.

Table of ratios under Section I, paragraphs 6 and 7 of Article L. 22-10-9 of the French Commercial Code

	2016	2017 or change 2017/ 2016	2018 or change 2018/ 2017	Change 2018/ 2016	2019 or change 2019/ 2018	Change 2019/ 2016	2020 or change 2020/ 2019	Change 2020/ 2016
Change *(in %)* in the compensation of Alexandre BOMPARD, Chairman and Chief Executive Officer until July 17, 2017		17%						
Change *(in %)* in the compensation of Enrique MARTINEZ, Chief Executive Officer since July 18, 2017		-39%	13%	-31%	32%	-9%	2%	-7%
Change *(in %)* in the compensation of Jacques VEYRAT, Chairman of the Board of Directors since July 18, 2017			0%		0%		0%	
Information on the scope of the listed company: Fnac Darty SA								
Change *(in %)* in average employee compensation		52%	-10%	37%	1%	38%	-12%	21%
Ratio of the Chairman and CEO to average employee compensation	7.34	5.64						
Ratio of the Chief Executive Officer to average employee compensation		2.94	3.69		4.86		5.61	
Ratio of the Chairman to average employee compensation		0.29	0.32		0.32		0.36	
Change in the Chairman and Chief Executive Officer's ratio *(in %)*		-23%						
Change in the Chief Executive Officer's ratio *(in %)*		-60%	26%	-50%	32%	-34%	16%	-24%
Change in the Chairman's ratio *(in %)*			11%		-1%		13%	
Ratio of the Chairman and Chief Executive Officer to median employee compensation	8.19	6.09						
Ratio of the Chief Executive Officer to median employee compensation		3.17	3.42		4.27		5.78	
Ratio of the Chairman to median employee compensation		0.31	0.30		0.28		0.37	
Change in the Chairman and Chief Executive Officer's ratio *(in %)*		-26%						
Change in the Chief Executive Officer's ratio *(in %)*		-61%	8%	-58%	25%	-48%	35%	-29%
Change in the Chairman's ratio *(in %)*			-5%		-6%		33%	
Additional information on registered office functions								
Change *(in %)* in average employee compensation		-2%	4%	2%	0%	2%	-2%	0%
Ratio of the Chairman and CEO to average employee compensation	52.98	63.48						
Ratio of the Chief Executive Officer to average employee compensation		33.06	35.72		47.38		49.22	
Ratio of the Chairman to average employee compensation		3.23	3.10		3.10		3.16	

	2016	2017 or change 2017/ 2016	2018 or change 2018/ 2017	Change 2018/ 2016	2019 or change 2019/ 2018	Change 2019/ 2016	2020 or change 2020/ 2019	Change 2020/ 2016
Change in the Chairman and Chief Executive Officer's ratio *(in %)*		20%						
Change in the Chief Executive Officer's ratio *(in %)*		-38%	8%	-33%	33%	-11%	4%	-7%
Change in the Chairman's ratio *(in %)*			-4%		0%		2%	
Ratio of the Chairman and Chief Executive Officer to median employee compensation	65.51	79.21						
Ratio of the Chief Executive Officer to median employee compensation		41.25	43.47		57.88		59.92	
Ratio of the Chairman to median employee compensation		4.04	3.77		3.79		3.85	
Change in the Chairman and Chief Executive Officer's ratio *(in %)*		21%						
Change in the Chief Executive Officer's ratio *(in %)*		-37%	5%	-34%	33%	-12%	4%	-9%
Change in the Chairman's ratio *(in %)*			-7%		1%		2%	
Additional information on Fnac and Darty in France, including registered office functions								
Change *(in %)* in average employee compensation							1%	
Ratio of the Chairman and CEO to average employee compensation								
Ratio of the Chief Executive Officer to average employee compensation					83.04		84.09	
Ratio of the Chairman to average employee compensation					5.44		5.41	
Change in the Chairman and Chief Executive Officer's ratio *(in %)*								
Change in the Chief Executive Officer's ratio *(in %)*							1%	
Change in the Chairman's ratio *(in %)*							-1%	
Ratio of the Chairman and Chief Executive Officer to median employee compensation								
Ratio of the Chief Executive Officer to median employee compensation					101.45		102.74	
Ratio of the Chairman to median employee compensation					6.65		6.60	
Change in the Chairman and Chief Executive Officer's ratio *(in %)*								
Change in the Chief Executive Officer's ratio *(in %)*							1%	
Change in the Chairman's ratio *(in %)*							-1%	

	2016	2017 or change 2017/2016	2018 or change 2018/2017	Change 2018/2016	2019 or change 2019/2018	Change 2019/2016	2020 or change 2020/2019	Change 2020/2016
Company performance								
Free cash flow from operations	150.8	199.2	152.7		172.9		192.4	
Current operating income/revenue	3.0%	3.6%	4.0%		4.0%		2.9%	
TSR vs SBF120 ranking (base 2015)	28	36	35		69		91	
Total Net Income	0.2	37.5	149.9		103.9		(6)	
Change *(in %)* in free cash-flow from operations		32%	-23%	1%	13%	15%	11%	28%
Change *(in %)* in current operating income / revenue		20%	11%	33%	0%	33%	-28%	-4%
Change in TSR vs SBF120 ranking (base 2015)		-8	+1	-7	-34	-41	-22	-63
Change *(in %)* in total net income		18,650%	300%	74,850%	-31%	51,850%	-106%	-3,100%

The duties of Chairman and Chief Executive Officer were separated in July 2017 following Alexandre Bompard's departure from the Company. Compensation in 2017 was calculated on a full-time equivalent basis.

For each year, the employees taken into account were those who were present throughout the year.

In accordance with the AFEP's guidelines on multiple compensation, the items owed or allocated for an accounting period take into account, for both the corporate officers and the employees:

- the fixed portion;
- the annual variable portion owed in respect of the year and therefore paid the following year. As it was not definitively set as of the date of publication of this document, the variable compensation to be paid in 2021 in respect of 2020 was estimated for employees;
- the compensation related to the office of Director, where it has been paid to the executive, in respect of the year and the office;
- the long-term compensation (stock options, performance shares, other long-term compensation instruments and multi-year variable compensation), allocated in respect of the year, valued at IFRS value;
- benefits in kind.

To facilitate year-on-year comparisons, it is made clear that compensation paid in 2020 both to corporate officers and employees has been adjusted for the effects of the health crisis. As such, the compensation taken into account for corporate officers is the compensation before salary reduction in light of the health crisis as set out in the introduction to chapter 3.3.2. The compensation taken into account for employees is adjusted for the impact of any periods of furlough measures.

Through the performance criteria presented above, Fnac Darty demonstrates its ability to deliver solid results over time.

The cash generation essential to ensure the development and sustainability of the Group is regular and significant, with an average volume of €173.6 million over the period as a whole. The growth in free cash-flow from operations was steady and grew by some 30% over the period, from €150.8 million in 2016 to €192.4 million in 2020. The level of profitability was in line with the Group's ambitions, despite challenging market conditions, until 2019, which was heavily impacted by social unrest. After several years of growth, the ratio of current operating income to revenue reached 4% at the time, stable compared to 2018. In 2020, Fnac Darty was able to demonstrate the strength of its omnichannel model, as well as its marked ability to control its operating costs, greatly restricting the impact of the health crisis on its profitability. In this unprecedented climate, the ratio of current operating income to revenue, contained at 2.9%, is logically down on the previous year, but remains higher than the 2015 rate of 2.2% and very close to the 3% observed in 2016. The change in this rate over the entire period highlights the Group's ability to make the most of profitable growth opportunities by updating its business model, by successfully integrating Darty, and by its deeply-rooted resilience in recent years.

The Company's TSR is measured by comparing Fnac Darty's stock market performance each year with the market performance of the SBF120 companies from 2015, the reference year preceding the five-year period presented. With an increase in the average annual closing price of 47.4% between 2015 and 2018, Fnac Darty remained in the upper third of the SBF120 securities over this period. After two atypical years marked first by social unrest in 2019, strongly affecting consumption, and then the health crisis in 2020, the Fnac Darty share price held up well and at the close of December 31, 2020 it stood at €52.70, identical to that of the beginning of the year, and close to that of early 2019, or indeed that of early 2016, then at €54.94.

The net income of the Consolidated Group has fluctuated significantly from one year to the next, due in particular to the impact of changes in scope (acquisition of Darty in 2016 and Nature & Découvertes in 2019, disposal of the Brazilian subsidiary in 2017, sale of BCC in 2020), as well as the corresponding integration and restructuring costs. The net income was also impacted over the period by the costs associated with the restructuring of the Group's debt. In addition to their impact on net income, these various events are also a marker of the Group's agility.

The compensation policy structured with a short-term compensation portion and a long-term compensation portion supports this performance. The economic and financial indicators used to measure short-term performance during these years (revenues, change in market share, free cash-flow generation, current operating income) pushed the Group to steadily achieve these ambitious objectives, and encouraged the preservation of operating income during this period of health crisis. Starting in 2021, the changes in the criteria set out in section 3.3.1 of this chapter will make it possible to provide even more detailed support for the priorities of the new Everyday strategic plan and to reward the successful achievement of the associated objectives. Long-term compensation, initially subject to the achievement of market performance conditions following Fnac's flotation in 2013, and subsequently also conditional upon the achievement of non-market performance conditions, in line with the Company's long-term profitability and cash-flow objectives, promotes the search for sustainable performance. The introduction of a criterion linked to the Group's social and environmental responsibility in 2019 reflects the desire to put Fnac Darty's mission at the heart of its strategy and the actions of its employees.

In this context, changes in the compensation of executives and in particular the executive corporate officers are marked by the change in governance in 2017. Following Alexandre Bompard's departure from the Company, the Board of Directors wished to separate the duties of Chairman and Chief Executive Officer by appointing, respectively, Jacques Veyrat and Enrique Martinez. In effect, the Appointments and Compensation Committee believed that such a separation of duties would enable senior management, in the period following the Darty Group acquisition, to focus on the Group's operational priorities and, in particular, to pursue the integration of Fnac and Darty. In order to safeguard the interests of the Company and its shareholders and to stimulate performance, the Board had wished to award compensation below the market rate to Enrique Martinez when he took office. Following a few months of Enrique Martinez's successful assumption of his office, which resulted in the strong performance achieved, the Board of Directors, on the recommendation of the Appointments and Compensation Committee, decided to reassess both his fixed compensation and maximum potential variable compensation. In doing so, the Board kept his compensation at a level lower than that of senior executives of comparable companies, in order to give itself the time and hindsight necessary to fully evaluate Enrique Martinez's performance as Chief Executive Officer.

In 2019, the Board recognized and reaffirmed Enrique Martinez's success in his position as Chief Executive Officer, which has been demonstrated by : the consolidation and successful integration of Darty and the achievement of the expected level of synergies one year ahead of schedule; the excellent operational execution of the strategic plan in its first year; and the achievement of a level of current operating income that is growing in terms of value and rate compared with the previous year, all in a highly competitive market and a challenging economic environment. After contracting the execution of a compensation study to a specialist consultancy firm, which created a panel of SBF120 and specialized retail companies whose size, complexity and governance characteristics are comparable to those of Fnac Darty, and noting a significant discrepancy both in the Chief Executive Officer's fixed compensation and in the maximum potential variable compensation that could be awarded to reward the outperformance of his objectives, the Board of Directors decided to set the compensation of Enrique Martinez at its current level. This new compensation is set for his term of office as Director.

Although the Group doubled in size over the period and delivered solid results, the compensation of the executive corporate officer in 2020 was in line with that of 2016.

The change in average compensation in 2017 for Fnac Darty SA is linked to the merger with Darty and the resulting structural changes. The 2020 change is also associated with employee mobility within the listed company. Furthermore, excluding the noria effect, the average growth in the compensation of employees working at a registered office present over the entire period between 2016 and 2020 was 13.4%.

3.4 / Profit-sharing, collective incentive plans and long-term incentive plans

3.4.1 / PROFIT-SHARING AGREEMENTS AND INCENTIVE PLANS

3.4.1.1 / Profit-sharing agreements in France

For companies with at least 50 employees and taxable income of more than 5% of its shareholders' equity, implementation of a profit-sharing agreement in accordance with Articles L. 3322-2 and L. 3324-1 of the French Labor Code is mandatory.

Fnac Darty companies have profit-sharing agreements in place.

3.4.1.2 / Collective incentive plans in France

Collective incentives are optional plans whose purpose is to enable the Company to involve employees more closely (by means of a calculation formula) in the running of the Company and, more particularly, in its results and performance by paying bonuses that are available immediately, in accordance with Article L. 3312-1 of the French Labor Code. Incentive plan agreements have been concluded for a number of the Group's French entities. Each agreement includes its own formula for calculating the incentive bonus.

3.4.1.3 / Group savings plans

Companies that have implemented a profit-sharing agreement must implement a Company savings plan in accordance with Article L. 3332-3 of the French Labor Code.

An amendment to the regulations governing the Fnac Darty Group savings plans concluded on March 15, 2018 instituted a Group employee savings plan for all Fnac Darty entities in France, with the exception of Nature & Découvertes which has its own company savings plan. All Group employees in France, with the exception of those employed by Nature & Découvertes, may now immediately allocate all the sums paid to them under the profit-sharing and incentive plan to the same corporate mutual funds (fonds communs de placement d'entreprise or "FCPE") and benefit from the services of the same administrative manager. One of the options offered to employees through this Group savings plan is to invest in units of the dedicated "Fnac Darty Employees" FCPE, which is invested in listed securities of the Company.

3.4.2 / LONG-TERM INCENTIVES

The main executives of the Group benefit from annual long-term variable compensation, the first plans of which were implemented in 2013. The different vesting periods of the plans run until May 27, 2023.

During 2020, 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.

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.

Each performance condition is measured at the end of each period, taking into account the performance over the period. For each period, each performance criterion has a trigger threshold below which no shares linked to this criterion may be vested. Shares lost in one period are not available the following period.

This 2020 bonus share plan (detailed in section 7.2.4 of this Universal Registration Document), as with the 2017, 2018 and 2019 bonus share plans, provides for the early vesting of shares in the following cases: a change of control of the Company; a public tender offer for the Company's shares; a public exchange offer for the Company's shares; a merger or demerger; or a public withdrawal offer.

During 2020, 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 2018 stock options plan (also detailed in section 7.2.4 of this Universal Registration Document) provides for the early vesting of shares in the following cases: a change of control of the Company; a public tender offer for the Company's shares; a public exchange offer for the Company's shares; a merger or demerger; or a public withdrawal offer.

3.5 / Factors that could have an impact during a public offering period

Pursuant to Article L. 22-10-11 of the French Commercial Code, we are presenting the following factors that could have an impact on a public offering:

- the ownership structure as well as the direct and indirect holdings known to the Company and all relevant information are described in sections 7.1.2.6 and 7.3.1;
- there are no restrictions in the bylaws on the exercise of voting rights, with the exception of the deprivation of voting rights that may be requested by one or more shareholders holding at least 3% of the Company's share capital or voting rights, if the 3% threshold or any multiple of 1% above 3% is not declared (Article 9 of the bylaws) – see section 7.1.2.6;
- there is no restriction in the bylaws on the transfer of shares;
- to the Company's knowledge, there are no shareholders' agreements or other commitments signed by shareholders;
- there is no security carrying special control rights;
- the voting rights attached to the Fnac Darty shares held by employees through the FCPE Actions fund are exercised by a representative appointed by the FCPE Supervisory Board to represent it at the General Meeting;
- the rules for appointing and dismissing members of the Board of Directors are the legal rules and bylaws provided for in Articles 12, 17 and 18 of the bylaws described in section 7.1.2.3;
- with respect to the powers of the Board of Directors, the current delegations are described in this report in section 7.2.3.1 (share buyback program) and in the table of capital increase delegations set forth in section 7.2.1; the authorization for share buybacks and delegations to conduct capital increases are suspended during a public tender offer, with the exception of a delegation to employees participating in a Company savings plan (PEE);
- the bylaws of our Company are amended in accordance with the laws and regulations;
- the agreements signed by the Company, which are amended or ended if control of the Company changes, are as follows: the Loan Agreement and the High Yield bond described in section 6.4 include a clause under which the creditors of Fnac Darty could request full or partial early repayment of the loans in the event of a change of control;
- there are no specific agreements providing for compensation in the event of termination of the duties of members of the Board of Directors or employees, if they resign or are dismissed without real and serious cause or if their employment is terminated as a result of a public tender or exchange offer.

3.6 / Other information

The procedures for shareholders to participate in General Meetings are provided in section 7.1.2.6.

The table of financial delegations for capital increases is given in section 7.2.1.

3.7 / Special Auditors' Report on Related-Party Agreements

General Meeting called to approve the financial statements for the year ended December 31, 2020

To the General Meeting of Fnac Darty S.A.,

As the Statutory Auditors of your Company, we are presenting our report on regulated agreements.

On the basis of the information provided to us, it is our responsibility to inform you of the characteristics, principal terms and conditions and reasons justifying the interest for the Company of the agreements of which we have been informed or which we may have discovered during our assignment. We are not required to express an opinion as to their utility or suitability, nor to investigate whether other agreements exist. Under Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the appropriateness of entering into these agreements for the purpose of approving them.

In addition, it is our responsibility, as applicable, to communicate to you the information stipulated in Article R. 225-31 of the French Commercial Code regarding the previous year's performance of the agreements already approved by the General Meeting.

We have applied the procedures we considered necessary pursuant to the professional standards of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this assignment.

AGREEMENTS SUBJECT TO APPROVAL BY THE GENERAL MEETING

Agreements authorized and concluded during the last year

We hereby notify you that we have not been given notice of any agreement authorized and concluded during the last year to be submitted for approval of the General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements approved in previous periods which continued to be executed during the last year

We hereby inform you that we have not been advised of any agreement already approved by the General Meeting which continued to be executed during the last year.

Paris La Défense, March 16, 2021

Statutory Auditors

KPMG Audit	Deloitte & Associés
A department of KPMG S.A.	
Éric Ropert	Guillaume Crunelle
Partner	*Partner*

4 Comments on the period

4.1 / Analysis of business activities and consolidated results

Definitions and alternative performance indicators

Definition of revenue

The Group's "real" revenues (or income from ordinary activities) correspond to its reported revenues.

The Group uses the following notions of change in revenue:

1. Change in revenues at a constant exchange rate:

   Change in revenues at a constant exchange rate means that the impact of changes in exchange rates has been excluded. The exchange rate impact is eliminated by recalculating sales for period N-1 using the exchange rates used for period N.

2. Change in revenues at a comparable scope of consolidation:

   Change in revenues at a comparable scope of consolidation means that the impact of changes in the scope of consolidation is corrected so as to exclude the modifications (acquisition, sale of subsidiary). Revenues of subsidiaries acquired or sold since January 1 of period N-1 are, therefore, excluded when calculating said change.

3. Change in revenues on a same-store basis:

   The change in revenues on a same-store basis means that the impact of directly owned store openings and closures is excluded. Revenues of stores opened or closed since January 1 of period N-1 are excluded from calculations of the change.

Definition of current operating income

The total operating income of Fnac Darty includes all the income and costs directly related to Group operations, whether the income and expense are recurrent or whether they result from one-off operations or decisions.

"Other non-current operating income and expense" reflects the unusual and material items for the consolidated entity that could disrupt tracking of the Group's economic performance.

As a result, and in order to monitor the Group's operating performances, Fnac Darty uses current operating income as the main management balance. This is defined as the difference between the total operating income and the "Other non-current operating income and expense".

Current operating income is an intermediate line item intended to facilitate the understanding of the entity's operating performance that can be used as a way to estimate recurring performance. This indicator is presented on a like-for-like basis in accordance with the principles of continuity and relevance for financial reporting.

Definition of EBITDA

In addition to the results published, the Group presents the EBITDA performance indicator, which excludes Interest, Taxes, Depreciation, Amortization and provisions on operational fixed assets from current operating income. The Group believes that this information assists investors in their analysis of the Group's performance. EBITDA is not an indicator stipulated by IFRS and does not appear in the Group consolidated financial statements. EBITDA has no standard definition and, therefore, the definition used by the Group may not match the definition of this term used by other companies. Since January 1, 2019, the application of IFRS 16 has significantly changed the Group's EBITDA. EBITDA excluding IFRS 16 is used in the context of the applicable financial covenants under the Loan Agreement.

EBITDA = Current operating income before depreciation, amortization and provisions on fixed operational assets.

Definition of free cash flow from operations

The Group also uses an intermediate line item to track its financial performance described as free cash flow from operations. This financial indicator measures net operating cash flow and gross operating investment flow (defined as acquisitions and disposals of property, plant and equipment and intangible assets, and the change in trade payables for non-current assets). Since January 1, 2019, the application of IFRS 216 has significantly changed the Group's free cash flow from operations.

Free cash flow from operations = net cash flows related to operating activities less net operating investments.

Definition of net cash

Net cash consists of gross cash and cash equivalents, minus gross debt including accrued interest not yet due as defined by the French National Accounting Council's recommendation No. 2013-03 on November 7, 2013. The Group has applied IFRS 16 since January 1, 2019. The application of this standard significantly changes the Group's net cash.

Definition of net financial debt

Net financial debt consists of gross debt including accrued interest not yet due as defined by the French National Accounting Council's recommendation No. 2013-03 on November 7, 2013, minus gross cash and cash equivalents. The Group has applied IFRS 16 since January 1, 2019. The application of this standard significantly modifies the Group's net financial debt.

Application of IFRS 16

On January 13, 2016, the IASB published IFRS 16 – Leases. IFRS 16 replaces the IAS 17 standard and its interpretations. This standard, which is mandatory for annual periods beginning on or after January 1, 2019, requires the recognition of an asset (the right of use) and a liability (leasing debt) on the basis of discounted in-substance fixed lease payments.

The Group has applied IFRS 16 since January 1, 2019. In order to ensure the transition between IAS 17 and IFRS 16, all lease and service agreements falling within the scope of IFRS 16 have been analyzed.

To monitor its financial performance, the Group publishes indicators that exclude the application of IFRS 16. These indicators are EBITDA excluding IFRS 16, free cash flow from operations excluding IFRS 16, and net financial debt excluding IFRS 16.

EBITDA	**+ rents within the scope of IFRS 16 =**	**EBITDA excluding IFRS 16**
Current operating income before depreciation, amortization and provisions on fixed operational assets		EBITDA including leasing expenses within the scope of IFRS 16

Free cash flow from operations	**+ disbursement of rents within the scope of IFRS 16 =**	**Free cash flow from operations, excluding IFRS 16**
Net cash flow from operating activities, less net operating investments		Free cash flow from operations including impacts relating to rents within the scope of IFRS 16

Net cash	**- leasing debt =**	**Net cash excluding IFRS 16**
Gross cash and cash equivalents less gross financial debt		Net cash excluding leasing debt

Net financial debt	**- leasing debt =**	**Net debt excluding IFRS 16**
Gross financial debt less gross cash and cash equivalents		Net financial debt excluding leasing debt

Net financial income	**- financial interest on leasing debt =**	**Net financial income excluding IFRS 16**

Rounding

The following tables contain data rounded off individually. The arithmetic calculations based on rounded data may present some differences from the aggregates or subtotals reported.

4.1.1 / KEY FINANCIAL INFORMATION

The reported financial information presented below is derived from the consolidated financial statements for the periods ended December 31, 2019 and 2020, prepared in accordance with IFRS as adopted by the European Union, set forth in section 5.1 "Group consolidated financial statements as of December 31, 2020 and 2019" of this Universal Registration Document.

The financial data presented below should be read in conjunction with:

- the consolidated financial statements for the periods ended December 31, 2019 and 2020, set forth in section 5.1 "Group consolidated financial statements as of December 31, 2020 and 2019" of this Universal Registration Document;
- the analysis of the Group's cash and equity presented in section 4.2 "Group cash and equity" of this Universal Registration Document;
- the information on trends and targets presented in section 4.3 "Recent events and outlook" of this Universal Registration Document.

This financial information is prepared on the basis of reported information concerning:

- for 2020, Fnac Darty's audited IFRS consolidated financial statements for the year ended December 31, 2020, incorporating 12 months of operating activity for all Group brands;
- for 2019, 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 for the BilletReduc banner and 5 months of operating activity for the Nature & Découvertes banner.

Key figures from the Group income statement

(€ million)	**2020**	**2019**	**Change**
Revenue	7,490.7	7,348.6	1.9%
Gross margin	2,185.8	2,235.4	(2.2%)
Current operating income	215.3	293.3	(26.6%)
Operating income	199.4	264.7	(24.7%)
Net income from continuing operations	88.4	114.1	(22.5%)
Net income from continuing operations, Group share	95.6	115.1	(16.9%)
(as % of revenues)			
Gross margin rate	29.2%	30.4%	(1.2)pt
Current operating margin	2.9%	4.0%	(1.1)pt
Data not derived from the financial statements			
EBITDA [(a)]	566.8	625.6	(9.4%)
EBITDA excluding IFRS 16 [(b)]	321.8	394.9	(18.5%)

(a) *EBITDA is defined as current operating income plus net expense for depreciation, amortization and provisions on non-current operating assets recognized in current operating income.*

(b) *EBITDA excluding IFRS 16 corresponds to EBITDA restated for rents within the scope of IFRS 16.*

Selected segment information

	2020		2019	
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*
Revenue				
France-Switzerland	6,228.0	83.2%	6,030.7	82.1%
Iberian Peninsula	653.8	8.7%	722.3	9.8%
Belgium and Luxembourg	608.9	8.1%	595.6	8.1%
TOTAL	**7,490.7**	**100.0%**	**7,348.6**	**100.0%**
Current operating income				
France-Switzerland	193.8	90.0%	256.7	87.5%
Iberian Peninsula	8.4	3.9%	25.0	8.5%
Belgium and Luxembourg	13.1	6.1%	11.6	4.0%
TOTAL	**215.3**	**100.0%**	**293.3**	**100.0%**

Key balance sheet data for the Group

(€ million)	2020	2019 restated*	Change
Non-current assets	3,963.5	4,101.8	(138.3)
of which non-current assets related to IFRS 16	*1,109.4*	*1,189.7*	*(80.3)*
Current assets	3,185.8	2,733.4	452.4
Shareholders' equity	1,373.4	1,398.3	(24.9)
Non-current liabilities	2,280.9	2,472.8	(191.9)
of which non-current liabilities related to IFRS 16	*884.1*	*967.0*	*(82.9)*
Current liabilities	3,495.0	3,029.6	465.4
of which current liabilities related to IFRS 16	*229.7*	*212.3*	*17.4*
Net cash excluding IFRS 16	113.9	(17.9)	131.8
of which cash and cash equivalents	*1,568.7*	*995.5*	*573.2*
of which financial debt excluding IFRS 16	*1,454.8*	*1,013.4*	*441.4*
Net financial debt with IFRS 16	999.9	1,197.2	(197.3)
of which cash and cash equivalents	*1,568.7*	*995.5*	*573.2*
of which financial debt excluding IFRS 16	*1,454.8*	*1,013.4*	*441.4*
of which financial debt related to IFRS 16	*1,113.8*	*1,179.3*	*(65.5)*

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

Key data from the Group cash flow statement

(€ million)	2020	2019	Change
Cash flow before tax, dividends and interest	544.5	570.4	(25.9)
Change in working capital requirement	67.2	51.8	15.4
Net cash flows from operating activities	546.2	551.8	(5.6)
Net cash flows from operating investment activities	(106.7)	(145.0)	38.3
Net cash flows from financial investment activities	(10.2)	(108.1)	97.9
Net cash flows from financing activities excluding IFRS 16	(24.9)	(63.3)	38.4
Net flows related to the application of IFRS 16	(247.1)	(233.9)	(13.2)
Net cash excluding IFRS 16	113.9	(17.9)	131.8

4.1.2 / GENERAL PRESENTATION

4.1.2.1 / Introduction

The following table provides a breakdown of the Group's 2020 revenue by geographical region and by category of products and services.

	Consumer electronics		Editorial products		Domestic appliances		Other product and services		Total	
	(€ million)	*(as % of the region's revenue)*	*(€ million)*	*(as % of the region's revenue)*	*(€ million)*	*(as % of the region's revenue)*	*(€ million)*	*(as % of the region's revenue)*	*(€ million)*	*(as % of revenue from all regions)*
France-Switzerland	2,987.8	48.0%	937.6	15.1%	1,432.3	23.0%	870.3	13.9%	6,228.0	83.2%
Iberian Peninsula	401.3	61.4%	172.3	26.4%	0.0	0.0%	80.2	12.2%	653.8	8.7%
Belgium and Luxembourg	316.7	52.0%	48.1	7.9%	205.0	33.7%	39.1	6.4%	608.9	8.1%
TOTAL	**3,705.8**	**49.5%**	**1,158.0**	**15.5%**	**1,637.3**	**21.9%**	**989.6**	**13.2%**	**7,490.7**	**100.0%**

The Group manages its operations on the basis of the following geographical segments:

- **France-Switzerland** *(83.2% of Group revenue in 2020, 90.0% of Group current operating income in 2020)*. The France-Switzerland region is the leading region in terms of contribution to Group revenue, with €6,228.0 million in revenue in 2020, and was bolstered by the acquisition of Nature & Découvertes from August 1, 2019.

Nature & Découvertes and its subsidiaries are managed from France. At the end of 2020, there were 89 directly operated Nature & Découvertes stores (including 4 stores in Belgium and 1 in Luxembourg), plus a network of 7 franchises in Switzerland.

The Group's activity in France and Switzerland at the end of 2020 was thus driven by the network of directly operated stores (403 in France and 9 in Switzerland), the 339 stores operated under franchise in France (including the Nature & Découvertes stores in Switzerland, and the stores in Morocco, Tunisia, Qatar, Ivory Coast, Congo and Cameroon) and its websites, primarily fnac.com, darty.com, fnac.ch and natureetdecouvertes.com;

- **Iberian Peninsula** *(8.7% of Group revenue in 2020, and 3.9% of Group current operating income in 2020)*. The Iberian Peninsula region covers the Group's operations in Spain and Portugal and posted revenues of €653.8 million in 2020. The Group conducts its business in the Iberian Peninsula through networks of directly operated stores (34 in Spain and 33 in Portugal at the end of 2020), franchise stores (4 in Spain and 1 in Portugal) and through the fnac.es and fnac.pt websites;
- **Belgium and Luxembourg** *(8.1% of Group revenue in 2020, 6.1% of Group current operating income in 2020)*. The Belgium and Luxembourg region covers the Group's activities managed from Belgium and recorded revenue of €608.9 million in 2020. At year-end 2020, Fnac Darty operated 84 directly owned stores in Belgium and 1 in Luxembourg, as well as the fnac.be and vandenborre.be websites.

Product and service categories

In each geographical region where it operates, the Group analyzes its sales by category of products and services. This analysis is divided into four main segments:

- **consumer electronics** *(49.5% of Group revenue in 2020)*. The consumer electronics category generated revenue of €3,705.8 million in 2020. It includes two sub-categories of products:
  - *"Microcomputing"* represents sales of the following products: desktop computers, laptops, tablets, software, printers, e-readers, telephones and office products and accessories, as well as all connected products,
  - *"Retail Electronics"* includes sales of the following products: cameras and photography accessories, televisions and video accessories such as DVD players, Blu-Ray players and other accessories (home cinema), and audio items and accessories (MP3 players, headphones, docking stations and related accessories);
- **editorial products** *(15.5% of Group revenue in 2020)*. The editorial products category generated revenue of €1,158.0 million in 2020. It includes two sub-categories of products:
  - *"Books"* covers hard copy and digital books,
  - *"Discs and Gaming"* includes discs comprising music (CDs) and video (DVDs and Blu-Ray discs); gaming, comprising video games (new and used) and games consoles; and tie-in products (gadgets, t-shirts, musical instruments and others);
- **domestic appliances** *(21.9% of Group revenue in 2020)*. The domestic appliances category generated €1,637.3 million in revenue in 2020. It includes two sub-categories of products:
  - *"Large domestic appliances"* are refrigerators/freezers, cooking equipment, dishwashers and washing machines/dryers,
  - *"Small domestic appliances"* includes vacuum cleaners, food processors, body care and water/air treatment appliances;
- **other products and services** *(13.2% of Group revenue in 2020)*. This category includes, firstly, products in the development phase, which generated revenue of €436.5 million, specifically:
  - kitchen units,
  - Home & Design products,
  - Games & Toys,
  - Urban Mobility,
  - Stationery,
  - Wellbeing,

  and secondly, "services" and "other income" items, both of which generated €553.1 million in revenue in 2020 and include the following items:
  - services related to goods sold, such as the sale of warranty extensions, repair-related subscription sales, product insurance sales, after-sales service and deliveries and installations,
  - rental services for consumer electronics and delivery services,
  - ticketing and gift boxes,
  - sales of membership cards for the Group's loyalty program,
  - invoicing of shipping costs to online customers,
  - commissions received through Marketplace, and partnerships with suppliers, and
  - royalties from stores operated under franchise.

Number of stores as of December 31, 2020

The following table shows the growth in the number of stores over the period:

	2020			2019		
Number of stores	**Owned**	**Franchise**	**Total**	**Owned**	**Franchise**	**Total**
France-Switzerland	412	339	751	411	315	726
Iberian Peninsula	67	5	72	65	5	70
Belgium and Luxembourg	85	0	85	84	0	84
TOTAL	**564**	**344**	**908**	**560**	**320**	**880**

The Group opened 9 directly owned stores and 27 stores under franchise in 2020. At the same time, the Group closed 5 directly owned stores and 3 franchise stores. The Nature & Découvertes store network includes 89 directly owned stores and 7 franchises.

The financial results of directly owned stores are fully consolidated in the Group's financial statements. The Group analyzes the change in its revenue over a given period on a basis which includes all stores, as well as on a same-store basis, i.e. the revenue generated by stores that, as of January 1 of year N, were in operation for the full 12 months of year N-1.

In regards to stores operated under franchise, the goods sold to franchised stores are recognized under Group product revenue, while franchise fees on revenue generated by the franchises through business with their customers are recognized under Group services revenue.

Unless otherwise indicated, all financial data in this chapter include the full scope of consolidation and are presented on a current exchange rate basis.

Traffic, average checkout value, checkout transactions and number of loyalty program members

The Group's revenue is a function of the number of checkout transactions and average checkout values. Checkout transactions depend on customer traffic (visits to a store or website) and the sales conversion rate.

The number of Group loyalty program members rose by 7.2% to a total of 9.9 million at the end of 2020.

Seasonality

The Group's business is highly seasonal and is characterized by a substantial increase in store traffic and website traffic towards the end of the year, from Black Friday in late November to the Christmas and New Year holidays (see section 6.4 "Financial risks" of this Universal Registration Document). In 2020, the Group generated 37.1% of its consolidated revenue for the year during the fourth quarter, a slight increase compared to 2019.

Fluctuations in foreign exchange rates

The impact of fluctuations in foreign exchange rates is limited and primarily consists of the impact of exchange rate fluctuations on the income statements resulting from the translation of the local-currency results of the Group's subsidiaries in Switzerland into euros.

In 2020, the Group recorded growth of 1.9% in reported revenue. At a constant exchange rate, the change in revenue is also 1.9%.

The foreign exchange risk incurred on purchases made by the Group is relatively low as the Group's subsidiaries make the vast bulk of their sales and generate the vast bulk of their costs in the local currency, i.e. primarily in euros.

4.1.2.2 / Significant events during the period

Growth in 2020 revenue in the context of an unprecedented health crisis

Fnac Darty's **revenue** for 2020 was €7,491 million, up 0.6% on a like-for-like basis [(1)]. This performance was achieved in the context of an unprecedented health crisis marked, in particular, by two lockdown periods. During the first lockdown (March 15 – May 10, 2020), almost all the Group's stores were closed and online sales increased sharply thanks to the agility and potential of the Group's centralized logistics and delivery capabilities. During the second lockdown (October 29 – November 28, 2020), online and click&collect sales were available for all products, easing the impact of the closure on departments deemed non-essential in stores. Over the year as a whole, the solid growth in online sales of more than 55%, driven primarily by the gain of over 5 million new active online customers and the capability of the omnichannel model, more than offset the decline in footfall in stores.

Additional revenue related to the consolidation of Nature & Découvertes [(2)] over a full year amounted to €83 million in 2020.

The **gross margin rate** reached 29.2% in 2020, down 120 basis points compared with 2019, primarily because of an unfavorable product mix effect of 80 basis points due to a drop in footfall in-store, particularly penalizing editorial products that are very sensitive to impulse purchases, and a sharp increase in sales of consumer electronics. Ticketing sales fell sharply, impacting the gross margin rate by -45 basis points for the year. Finally, the consolidation of Nature & Découvertes over a full year offset the decline in other retail services impacted by drop in footfall in stores.

Current operating income stood at €215 million in 2020, down €78 million year-on-year. After an operating loss recorded in the first half, primarily tied to the health crisis, good control of operating costs and the full effect of the readjustment plans helped Fnac Darty maintain an operating margin in the second half of 2020 that was stable compared with the second half of 2019. The consolidation of Nature & Découvertes over a full year in 2020 had a negative impact of €16 million on 2020 current operating income due to the normal seasonal activity of the brand.

The **net income, Group share from continuing operations** was €96 million in 2020 compared to €115 million in 2019. The limited decline primarily represents the reduction in non-current items, financial expenses and the tax liability compared with 2019.

Fnac Darty continued to generate a strong **free cash flow from operations** [(3)] amounting to €192 million in 2020, up €19 million compared to 2019.

A group committed to and recognized for corporate social responsibility

In the context of the unprecedented Covid-19 health crisis, the Group's priority was to guarantee the health and safety of the employees and customers by implementing the best protection measures, ahead of legal obligations. Good management of this crisis was therefore based on the adoption of collective and organized measures, which was possible thanks to the quality of social dialogue within the Group to ensure business continuity. All the measures taken by the Group, which helped to contain the number of infections, were praised by the customers of the banners, but also by the different administrations whose control inspections were all conclusive. Fnac Darty was able to demonstrate its agility and capacity for rapid adaptation in a changing environment to meet the consumers' urgent need to be equipped for working and learning from home.

Despite the atypical context that prevailed in 2020, the Group pursued its initiatives to become a major player in the circular economy, and a promoter for extending the life span of the products. Fnac Darty therefore continued the roll-out of its new repair subscription service, Darty Max, launched in October 2019, and designed to extend the life span of large household appliances. This service represents a continuation of the Group's longstanding commitment to responsible consumption. At the end of 2020, around 200,000 customers had subscribed to this service, and several thousand appliances had been repaired each month thanks to Darty Max, representing tens of tons of waste prevented.

The Group also continued its efforts in supporting its customers in moving towards an educated choice and sustainable consumption

(1) Like-for-like data: excludes the effect of changes in foreign exchange rates and scope of consolidation, and store openings and closures.
(2) Nature & Découvertes has been consolidated since August 1, 2019.
(3) Excluding IFRS 16. Indicator defined in the 2019 Universal Registration Document filed with the AMF on April 20, 2020.

with the launch of the third edition of the "after-sales service barometer" in September 2020. The initiative is designed to give the public better information about the life span of 63 product families from the universe of appliances and multimedia, compared with 15 the previous year. This new edition, available to all our customers on our websites and in stores, now features an easily identifiable sustainability score, aggregating both reliability and repairability criteria, an innovation that lets consumers compare all product categories against one another and make comparisons between brands. The Group also used this sustainability score to expand the selection of products referenced by the "sustainable choice by Darty" label, which now covers 152 products, 83 large domestic appliances and 69 small domestic appliances. This innovation, implemented in all Darty stores, is based on two criteria: availability of spare parts for at least 10 years and the product's low breakdown rate within its price category. The Darty Occasion offer has been extended to include Cold-category household products, including refrigerators and freezers, in order to give a second life to all types of electronic and household products offered and to strengthen the Group's position in this growing market.

All these initiatives in societal and environmental responsibility were recognized by the extra-financial ratings agencies in 2020. As a result, Fnac Darty earned a score of 48/100 from Vigeo Eiris this year, up 4 points from 2019, and confirmed its positioning in the "Outperformer" classification from Sustainalytics with a score of 68/100, along with its AA rating from MSCI. Finally, the Carbon Disclosure Project (CDP), the international benchmark in environmental transparency for businesses, gave Fnac Darty a rating of C, in line with the average for the sector.

In addition, Fnac Darty ensures that these challenges are fully incorporated into the Group's strategy, and adopts a decentralized approach to CSR by involving all the business lines daily through the nomination of a CSR referee, the creation of roadmaps with the definition of objectives specific to each department of the Group, and regular monitoring of those objectives. Finally, Fnac Darty has continued to strengthen the integration of CSR criteria in the variable compensation of all Group managers in addition to an increase in the weight of these criteria for members of the Executive Committee.

Fnac Darty's unique and highly agile omnichannel model and solid business execution

The year 2020 was marked by the Covid-19 crisis and its spread around the world overwhelmed all business sectors, including retail. While guaranteeing the health and safety of its employees and customers, Fnac Darty demonstrated its capacity for rapid adaptation and its operational agility in order to continue its service, delivery and after-sale service activities.

Fnac Darty first had to deal with a supply crisis related to production delays generated by turbulence in the industrial bases in China following the arrival of the epidemic on Chinese territory at the beginning of the year. The Group had to adapt its merchandise purchasing policy to deal with production delays and develop a tactical purchasing plan for categories of key products in close collaboration with its suppliers.

Starting in March, the pandemic spread across Europe, leading to the implementation of lockdown measures by all governments in the countries in which Fnac Darty does business. These measures led to the closure of almost all the Group's stores, representing 80% of the Group's normal revenue, from March 15 through May 10, resulting in a total shutdown of in-store sales. Backed by the centralized organization of its logistics platforms and the strength of its digital platforms, the Group was able to quickly adapt its model and meet the very high demand thanks to the unfailing commitment of its teams and the rapid reassignment of resources to digital capacities and service activities. The Group was also able to rely on its partnership ecosystem of delivery providers and its in-house delivery capabilities, meaning it could guarantee delivery times in line with the highest market standards.

At the same time, another Fnac Darty priority was to protect the Group's profitability and liquidity. Short-time working was introduced for 80% of its workforce following the closure of the store network during the first lockdown. The Group has adjusted its rent payments, postponed the payment of taxes and social security charges, and put in place merchandise-purchasing and inventory target policies. The Group also negotiated longer payment terms with its suppliers in accordance with the French law on economic modernization (known as the "LME"). The investment plan was revised downward while maintaining its priority projects. Finally, Fnac Darty was one of the first issuers in France to receive a €500 million state-guaranteed loan in April.

At the end of the first lockdown required by governments, the Group began to progressively reopen its stores. Almost all stores in France, Switzerland and Belgium re-opened the week of May 11, while stores in Portugal re-opened on May 15. In Spain, stores reopened very gradually throughout the month with the last of them opening at the end of the first week in June. In line with its commitment to ensure the health and safety of its employees, partners and customers, Fnac Darty implemented all necessary health measures to ensure the successful reopening of its stores, which was permitted thanks to the advance preparation of employees and their unfailing commitment.

The Group's quality relationship with its suppliers and the solid commercial capacity of its teams allowed it to obtain a good level of product availability throughout the year and to meet the high demand in categories of products related to telecommuting, at-home learning, gaming and home equipment.

Faced with the increased spread of the virus in October 2020, new lockdown measures were implemented in France from October 29 to November 28, resulting in the closure of departments with product categories deemed non-essential by the Government (editorial products including books, large appliances, games & toys). All Fnac and Darty stores remained open in France during this period for the sale of consumer electronics, small household appliances and urban mobility, which accounted for more than 60% of normal product sales. For the other categories, online and click&collect sales, which were permitted during this second lockdown, recorded high demand. Once again, Fnac Darty had to demonstrate a high level of adaptability by reorganizing its stores and implementing a large number of initiatives to promote click&collect as much as possible during a crucial period of major sales appointments for the Group. The Group's leading position in France, combined with the quality of its relations with its suppliers and its solid business execution allowed Fnac Darty to outperform in sales during the end of year period, Black Friday and Christmas.

The Group thus demonstrated the complementary of its stores and its digital platforms, and the relevance of its omnichannel model in an unprecedented health crisis. The strong appeal of the Fnac and Darty brands, combined with highly agile operations and business execution, allowed the Group to record growth of more than 55% in its e-commerce platforms over the year, with more than 5 million new active online customers identified during the period. In addition, there was continued strong momentum in winning new members this year, driven in particular by the revamping of the loyalty program. This featured the launch of the new Fnac+ card designed to support the digitalization of customers' purchasing behavior and offer them an enhanced cross-banner experience. The card offers a number of promotional offers common to the Fnac and Darty banners: free and unlimited delivery in one business day, a common pool for accumulating loyalty points that can be converted into purchase vouchers for use through both banners, online and in-store. As a result, more than 1.3 new Fnac+ members signed up during the year, bringing the total number of Fnac+ members to nearly 2.2 million at year-end 2020. Fnac Darty boasted a membership base of nearly 10 million members, including 7 million in France at the end of December 2020.

In 2020, e-commerce represented 29% of the Group's revenue, versus 19% one year earlier. The Group has also seen an acceleration in mobile devices, which account for more than 64% of the traffic on its sites, an increase since the previous year. Marketplaces also posted very strong double-digit growth. Omnichannel, which was impacted by the closure of all or some of the stores and limits on in-store traffic, accounted for 42% of online sales during the year, in a context of very strong growth in the weight of e-commerce. The momentum of click&collect remained very steady, particularly during Q4 when order processing via click&collect rose by 40% compared to Q4 2019.

The Group continued to expand its store network at a slower rate than in the past, with 36 stores opening in 2020, including 27 under franchise. The Group opened 9 directly owned, 3 Fnac, 4 Darty and 2 Nature & Découvertes stores. Fnac opened 13 stores during the year: 10 in France, 1 in Portugal, 1 in Spain and 1 in Belgium. Darty opened 21 stores in France. At year-end 2020, Fnac Darty had a network of 908 stores, including 344 franchises. The expansion dynamic will continue in 2021, at a slower rate than previously, primarily in the franchise format.

At the same time, in November 2020, Fnac Switzerland and Manor launched a test phase lasting several months for the rollout of 4 shop-in-shops in Switzerland. If this test phase proves conclusive, it will allow the Group to significantly strengthen its presence in Switzerland.

Finalization of the sale of BCC in the Netherlands to Mirage Retail Group

Following the announcement in January 2020 that it was searching for a partner to pull out of the Netherlands, in November 2020 the Group finalized the disposal of 100% of its Dutch subsidiary BCC, a specialist in electronics and large appliances in the Netherlands, in accordance with the terms communicated on September 28, 2020 and after obtaining the necessary authorizations from the relevant regulatory authorities and work councils. Mirage Retail Group has real experience in retail in the Netherlands and specializes in turnaround strategies, combining its in-depth knowledge and experience in retail, real estate and logistics to drive forward-looking brands with high profit potential. Fnac Darty is convinced that the transaction will enable BCC to benefit from the right support to successfully perform on its market.

The Group's 2020 and 2019 financial statements show the Dutch branch under discontinued operations pursuant to IFRS 5.

Continuation of initiatives to innovate and diversify the Fnac Darty offer

In 2020, despite the difficulties encountered in an unprecedented crisis, Fnac Darty pursued its initiatives in terms of innovation and customer experience by expanding the diversification of its product portfolio.

WeFix

The integration of WeFix continued in 2020, despite the difficult operating conditions imposed by the two successive lockdowns, with the opening of 21 new points of sale, bringing the total number of points of sale to 117 at the end of December. Note that the repair activities and the sale of reconditioned products and accessories increased in a context in which in-store footfall was impacted by the current crisis. In addition, the Group rolled out the X-Force screen protection solution, named product of the year for 2021 [1], in 197 Fnac and Darty stores.

Nature & Découvertes

Nature & Découvertes recorded a decrease in its sales in 2020 due to the drop in in-store sales impacted by the closure of its entire store network during the two lockdowns, and despite the strong growth of more than 100% in its online sales. This strong momentum in online sales was driven by the Children's Equipment, Well-Being and Nature Activity categories. The 3 Nature & Découvertes stores in Germany were closed in 2020, in order to reposition the brand in its key markets. The retailer's first location in Spain has been a success, and the Group intends to continue the expansion of Nature & Découvertes by building on its existing operational capabilities.

Services

Services were significantly impacted in 2020 by a high comparison base effect until April, related to the change of multimedia insurance service provider in April 2019, the closure of integrated and franchise stores during the first lockdown, the limits on in-store traffic and the suspension of ticket sales as a result of the government measures imposed on the entertainment industry. At the same time, the Darty Max service was highly successful with French consumers. Despite the context that made it difficult to attract new customers, particularly during the first lockdown, around 200,000 customers have already signed up for this unlimited subscription repair service, which covers all large appliances for €9.99 a month. Offered since its launch in all Darty stores in France, consumers have been able to subscribe to this service online and by telephone since September.

Darty Kitchen

The rollout of the Darty Kitchen offer continued in 2020 with the opening of 16 new sales areas, including 8 new stores exclusively dedicated to this offer. As a result, at the end of December 2020, the Group had more than 165 Kitchen sales outlets, including 19 dedicated stores.

Other product diversifications

Finally, Fnac Darty continued to diversify its product offer, permitting the redistribution of the sales area in stores to new fast growing product categories, driven particularly by the Games & Toys, Home & Design and Urban Mobility segments. Building on its leading position in France in the scooter segment since 2019, the Group expanded its high-end product line to new categories. Fnac Darty thus signed an exclusive distribution agreement with the Xiaomi brand to sell its folding electric bike, and with Angell Bike to distribute its electric power-assisted bicycles. Fnac Darty also signed a new partnership with Citroën for exclusive marketing of AMI, the car manufacturer's fully electric mobility solution, in 39 Group stores. Finally, and more recently, Fnac Darty added to its innovative offer by entering into a partnership with Red Electric for the distribution of the new Model E scooter, 100% electric and 100% French, in 30 Group stores. In addition, Fnac Darty expanded its service offer by partnering with Cyclofix, the French leader in micromobility maintenance to propose to consumers a complete mobility ecosystem, offering an immediate repair service for electric scooters and bikes in Fnac and Darty retail stores. This partnership is fully aligned with the Group's commitment to extending the lifespan of its products.

(1) Study and test conducted on X-Force Antibacterial by Nielsen/treetz with a total of more than 15,000 consumers in France, end of 2020 – poyfrance.com.

4.1.3 / COMPARISON OF THE GROUP'S ANNUAL RESULTS FOR 2019 AND 2020

The table below shows the Group's consolidated income statement for the periods ended December 31, 2019 and December 31, 2020, in millions of euros and as a percentage of consolidated revenue for the periods in question.

	2020		2019		
	(€ million)	*(as % of revenue)*	*(€ million)*	*(as % of revenue)*	**Change**
Revenue	**7,490.7**	**100.0%**	**7,348.6**	**100.0%**	**1.9%**
Gross margin	**2,185.8**	**29.2%**	**2,235.4**	**30.4%**	**(2.2%)**
Personnel expenses	(1,055.1)	(14.1%)	(1,096.0)	(14.9%)	3.7%
Other current operating income and expense	(915.5)	(12.2%)	(847.9)	(11.5%)	(8.0%)
Share of profit from equity associates	0.1	0.0%	1.8	0.0%	(94.3%)
Current operating income	**215.3**	**2.9%**	**293.3**	**4.0%**	**(26.6%)**
Other non-current operating income and expense	(15.9)	(0.2%)	(28.6)	(0.4%)	44.4%
Operating income	**199.4**	**2.7%**	**264.7**	**3.6%**	**(24.7%)**
(Net) financial expense	(51.4)	(0.7%)	(79.1)	(1.1%)	35.0%
Income tax	(59.6)	(0.8%)	(71.5)	(1.0%)	16.6%
Net income from continuing operations	**88.4**	**1.2%**	**114.1**	**1.6%**	**(22.5%)**
Group share	*95.6*	*1.3%*	*115.1*	*1.6%*	*(16.9%)*
share attributable to non-controlling interests	*(7.2)*	*(0.1%)*	*(1.0)*	*0.0%*	*(620.0%)*
Net income from discontinued operations	(94.4)	(1.3%)	(10.2)	(0.1%)	(825.5%)
Consolidated net income	**(6.0)**	**(0.1%)**	**103.9**	**1.4%**	**(105.8%)**
Group share	*1.2*	*0.0%*	*104.9*	*1.4%*	*(98.9%)*
share attributable to non-controlling interests	*(7.2)*	*(0.1%)*	*(1.0)*	*0.0%*	*(620.0%)*

4.1.3.1 / Revenues

The Group recorded an increase in its revenue in 2020: 1.9% in the reported data.

The impact of foreign exchange rates on revenue was negligible. On a same-store basis and at a comparable scope of consolidation, the Group's revenue was up by 0.6% in 2020 against the backdrop of an unprecedented health crisis.

An analysis of the distribution of revenues among the Group's principal countries shows a mature market in France-Switzerland and in Belgium and Luxembourg. In 2020, all the countries in which the Group operates suffered from the health crisis and related restrictions. However, the impact on the Iberian Peninsula was significantly higher in 2020, with greater restrictions linked to the health crisis and a weaker macroeconomic environment.

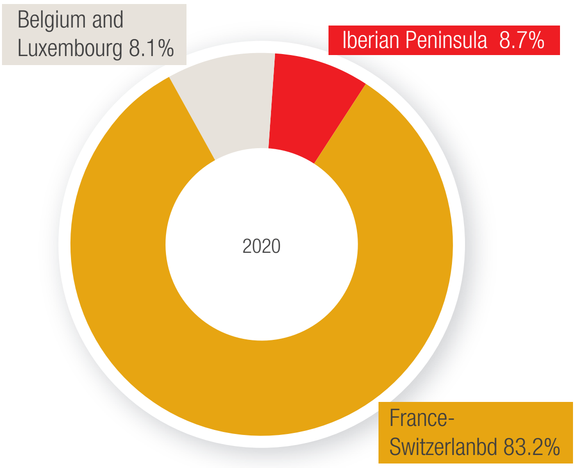
The table below provides a breakdown of revenue for the periods ended December 31, 2019 and December 31, 2020 by geographical region.

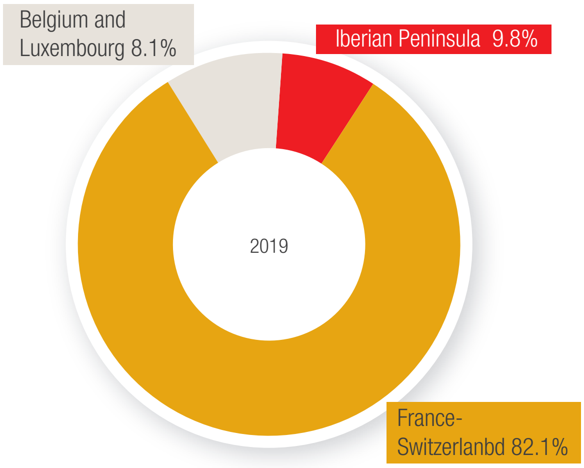
	2020		2019					
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*	**Change at current exchange rate**	**Change at comparable scope of consolidation**	**Change at constant foreign exchange rates and comparable scope of consolidation**	**Change at constant foreign exchange rates, comparable scope of consolidation and on a same-store basis**
France-Switzerland	6,228.0	83.2%	6,030.7	82.1%	3.3%	2.3%	2.2%	1.9%
Iberian Peninsula	653.8	8.7%	722.3	9.8%	(9.5%)	(9.5%)	(9.5%)	(11.1%)
Belgium and Luxembourg	608.9	8.1%	595.6	8.1%	2.2%	2.2%	2.2%	1.4%
TOTAL	**7,490.7**	**100.0%**	**7,348.6**	**100.0%**	**1.9%**	**1.1%**	**1.0%**	**0.6%**

	2020		2019 *					
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*	**Change at current exchange rate**	**Change at comparable scope of consolidation**	**Change at constant foreign exchange rates and comparable scope of consolidation**	**Change at constant foreign exchange rates, comparable scope of consolidation and on a same-store basis**
Consumer electronics	3,705.8	49.5%	3,601.3	49.0%	2.9%	2.9%	2.8%	2.2%
Editorial products	1,158.0	15.5%	1,225.4	16.7%	(5.5%)	(6.1%)	(6.3%)	(6.8%)
Domestic appliances	1,637.3	21.9%	1,555.0	21.2%	5.3%	5.3%	5.3%	5.2%
Other product and services	989.6	13.2%	966.9	13.2%	2.3%	(3.7%)	(3.8%)	(4.3%)
TOTAL	**7,490.7**	**100.0%**	**7,348.6**	**100.0%**	**1.9%**	**1.1%**	**1.0%**	**0.6%**

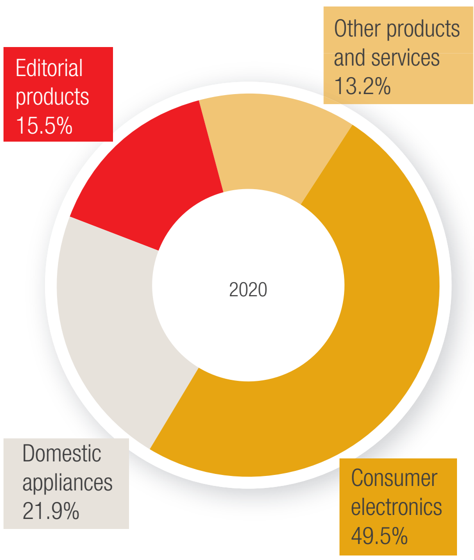
* *2019 pro forma following the creation of the Urban Mobility section in 2020.*

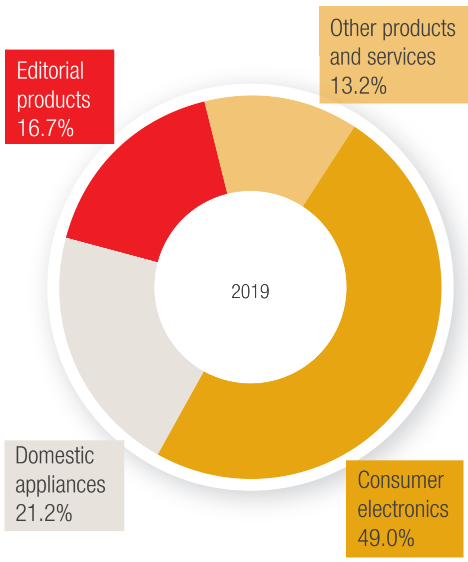
Breakdown of revenue by geographical region





Breakdown of revenue by category of products and services





The change in revenue from consumer electronics resulted in particular from the increase in sales of IT products (related in particular to remote working) and the Television segment, partially offset by the decline in the Photography market, which has been impacted by increased competition from smartphones. Revenue from editorial products, which are highly sensitive to impulse purchasing, was down compared to the previous year. The Books, Audio and Video segments were hit by the decrease in store traffic. Gaming was up, benefiting from more positive news in 2020 with the release of new consoles.

The increase in revenue from domestic appliances was driven by strong momentum in Large domestic appliances and Small domestic appliances.

The growth in revenue from other products and services benefited from the development of the Home & Design, Wellbeing and Games & Toy sectors, offset by the downturn in services, which were impacted by store closures and a sharp decline in traffic.

Online activities, benefiting from a particularly strong transferred sales effect during lockdowns, now account for 29.2% of Group sales (an increase of 10.4 points compared to 2019).

4.1.3.2 / Gross margin and gross margin rate

The Group's gross margin came to €2,185.8 million for 2020, down from the total of €2,235.4 million in 2019.

This resulted in a profit margin of 29.2% in 2020, compared to 30.4% in 2019.

The gross margin rate in 2020 was down by around 120 basis points compared with 2019, primarily because of an unfavorable product mix effect of around 80 basis points due to a drop in footfall in-store, particularly penalizing editorial products that are very sensitive to impulse purchases, and a sharp increase in sales of consumer electronics. Ticketing sales were down and impacted the gross margin rate by 45 basis points for the year. Finally, the consolidation of Nature & Découvertes offset the decline in other merchant services due to lower in-store traffic.

4.1.3.3 / Personnel expenses

Personnel expenses amounted to €1,055.1 million (14.1% of revenue) for 2020, compared with €1,096.0 million (14.9% of revenue) for 2019, i.e. a personnel expenses/revenue ratio in line with store closures and the use of short-time working measures for store and head office employees in relation to the health crisis.

4.1.3.4 / Other current operating income and expense

Other current operating income and expense totaled €915.5 million (12.2% of revenue) for 2020, compared to €847.9 million (11.5% of revenue) for 2019, a 0.7-point deterioration in the return on sales, mainly due to the full-year consolidation of Nature & Découvertes, as well as the increase in logistics costs in line with the increase in online sales.

4.1.3.5 / Current operating income

Current operating income amounted to €215.3 million for 2020, compared with €293.3 million in 2019, a decrease of 26.6%.

The current operating margin was 2.9% in 2020 compared with 4.0% in 2019.

	2020		2019	
	(€ million)	*(as % of the total)*	*(€ million)*	*(as % of the total)*
France-Switzerland	193.8	90.0%	256.7	87.5%
Iberian Peninsula	8.4	3.9%	25.0	8.5%
Belgium and Luxembourg	13.1	6.1%	11.6	4.0%
CURRENT OPERATING INCOME	**215.3**	**100.0%**	**293.3**	**100.0%**

4.1.3.6 / EBITDA

The following table shows the trend in EBITDA over the period.

	2020		2019		
	(€ million)	*(as % of revenue)*	*(€ million)*	*(as % of revenue)*	Change
Current operating income	**215.3**	**2.9%**	**293.3**	**4.0%**	**(26.6%)**
Net depreciation, amortization and provisions [(a)]	351.5	4.7%	332.3	4.5%	5.8%
EBITDA	**566.8**	**7.6%**	**625.6**	**8.5%**	**(9.4%)**
IFRS 16 impact on EBITDA	245.0	3.3%	230.7	3.1%	6.2%
EBITDA EXCLUDING IFRS 16	**321.8**	**4.3%**	**394.9**	**5.4%**	**(18.5%)**

(a) Net depreciation, amortization and provisions correspond to net allocations for depreciation and amortization and provisions on non-current operational assets recognized as current operating income.

In addition to the results published, the Group presents the EBITDA performance indicator, which excludes Interest, Taxes, Depreciation, Amortization and provisions on operational fixed assets from current operating income. The Group believes that this information assists investors in their analysis of the Group's performance. EBITDA is not an indicator stipulated by IFRS and does not appear in the Group consolidated financial statements. EBITDA has no standard definition and, therefore, the definition used by the Group may not match the definition of this term used by other companies. Since January 1, 2019, the application of IFRS 16 has significantly changed the Group's EBITDA. EBITDA excluding IFRS 16 is used in the context of the applicable financial covenants under the Loan Agreement.

4.1.3.7 / Other non-current operating income and expense

In 2020, other non-current income and expense amounted to a net expense of €15.9 million. In 2019, other non-current income and expense amounted to a net expense of €28.6 million.

The following table shows the breakdown of this item in 2020 and 2019.

(€ million)	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)**

Other non-current operating income and expense for the Group comprises unusual and material items that could affect the ability to track the Group's economic performance.

In 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, leading 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 as 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 in the Group's warehouses during the first lockdown period to fulfill online orders. In the first half of 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.

In 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;
- other non-current income and expenses representing a net expense of €1.8 million resulting from various one-off lawsuits.

4.1.3.8 / Operating income

As of December 31, 2020, the Group's operating income was €199.4 million, compared with income of €264.7 million for 2019.

4.1.3.9 / Net financial expense

In 2020, net financial income comprised a financial expense of €51.4 million, compared with a financial expense of €79.1 million in 2019.

The breakdown of the Group's net financial expense in 2020 and 2019 is as follows:

(€ million)	2020	2019	Change
Costs related to Group debt	(25.9)	(51.4)	49.6%
Interest on leasing debt	(21.9)	(21.2)	(3.3%)
Other financial income and expense	(3.6)	(6.5)	44.6%
TOTAL	**(51.4)**	**(79.1)**	**35.0%**

The cost of net financial debt for the Group mainly comprised the financial interest for the €650 million bond issue, the €200 million medium-term credit facility and the €100 million loan agreement concluded 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 in April 2020 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 leasing debt related to the application of IFRS 16 amounted to €21.9 million in 2020, compared to €21.2 million in 2019.

Other financial income and expense primarily includes the cost of consumer lending, 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 (essentially the Daphni Purple financial asset).

4.1.3.10 / Income tax

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. Excluding CVAE, the tax rates for 2020 and 2019 would be stable at around 30%.

(€ million)	**2020**	**2019**
Pre-tax income	**148.0**	**185.6**
Current tax expense	(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%**

4.1.3.11 / Net income from continuing operations

Net income from continuing operations recorded a profit of €88.4 million for 2020, versus a profit of €114.1 million for 2019.

Net income from continuing operations, Group share recorded a profit of €95.6 million for 2020, versus a profit of €115.1 million for 2019.

Net income from continuing operations attributable to non-controlling interests recorded a loss of €7.2 million for 2020, versus a loss of €1.0 million for 2019. Net income from non-controlling interests is mainly linked to CTS Eventim shares in the capital of France Billet.

4.1.3.12 / Net earnings per share

The weighted average number of ordinary shares of the Group used to calculate net earnings per share was 26,583,287 for 2020 versus 26,559,047 in 2019, a decrease of 24,240 shares.

As of December 31, 2020, Group net earnings per share amounted to €0.05. The figure was €3.96 the previous year.

Group net earnings per share for continuing operations came to €3.61 per share as of December 31, 2020, compared with €4.34 as of December 31, 2019.

4.1.4 / ANALYSIS OF REVENUE AND CURRENT OPERATING INCOME BY GEOGRAPHICAL REGION FOR 2019 AND 2020

4.1.4.1 / Comparison of results for 2019 and 2020 for the France-Switzerland segment

The following table shows the key items in the income statement for the France-Switzerland segment for the periods ended December 31, 2019 and December 31, 2020.

(€ million)	**2020**	**2019**	**Change**
Revenue	6,228.0	6,030.7	3.3%
Current operating income	193.8	256.7	(24.5%)
Operating profitability	3.1%	4.3%	(1.2)pt

Revenues of the France-Switzerland segment

Revenue amounted to €6,228.0 million for 2020 compared to €6,030.7 million for 2019, an increase of 3.3%. The France-Switzerland segment opened 6 directly owned stores (including 2 Nature & Découvertes stores), and closed 5 directly owned stores (including 4 Nature & Découvertes stores with the closure in Germany). At constant exchange rates and on a same-store basis, the increase in revenue was 1.9%, against a backdrop of the health crisis over the last year.

The growth of franchise stores (led operationally by France) continued, with 27 new stores opened in 2020 (including 17 Darty stores in mainland France, 8 Fnac proximity format stores and 2 Fnac Travel retail stores).

The number of Fnac loyalty club members in France increased by 6.6%, from 6.9 million at the end of 2019 to 7.4 million at the end of 2020.

A breakdown of revenue by product category is included in Note 4.1 “Information by operating segment” of the Notes to the consolidated financial statements, in section 5.2 of this Universal Registration Document.

The change in revenue from consumer electronics resulted in particular from the increase in sales of IT products (related to remote working) and the Television segment, hampered by the decline in the Photography market, which has been impacted by increased competition from smartphones. The Sound sector declined. Revenue from editorial products, which are highly sensitive to impulse purchasing, was down compared to the previous year. The Books, Audio and Video segments were hit by the decrease in store traffic. Gaming was up, benefiting from more positive news in 2020.

The increase in revenue from domestic appliances was driven by strong momentum in Large domestic appliances and Small domestic appliances.

The growth in revenue from other products and services benefited from the development of the Home & Design, Wellbeing and Games & Toy sectors, offset by the downturn in services, which were impacted by store closures and a decline in traffic.

Online activities continued to grow, representing 29.0% of sales in France and Switzerland in 2020 (up 9.6 points compared with 2019).

Current operating income in the France-Switzerland segment

Current operating income for the France-Switzerland segment was €193.8 million in 2020 (compared to €256.7 million in 2019), impacted by an unfavorable product mix effect linked to a combination of particularly strong sales of consumer electronics and a decline in sales of editorial products due to a drop in in-store traffic, and by the fall in ticketing activities and the adverse effect of the full-year consolidation of Nature & Découvertes.

Current operating profitability was 3.1% in 2020, down 1.2 percentage point from 2019.

4.1.4.2 / Comparison of results for 2019 and 2020 in the Iberian Peninsula

The following table shows the key items in the income statement for the Iberian Peninsula for the periods ended December 31, 2019 and December 31, 2020.

(€ million)	2020	2019	Change
Revenue	653.8	722.3	(9.5%)
Current operating income	8.4	25.0	(66.4%)
Operating profitability	1.3%	3.5%	(2.2)pts

Revenue for the Iberian Peninsula

Revenue recorded in the Iberian Peninsula amounted to €653.8 million in 2020 versus €722.3 million in 2019, a decrease of 9.5%.

In Spain and Portugal, the Group posted a decline in sales, impacted throughout the year by restrictions on sales outlets and store closures in connection with the health crisis.

The Iberian Peninsula opened 2 new integrated stores in 2020 (1 in Spain and 1 in Portugal). In 2019, the Group opened 8 new stores (4 in Spain and 4 in Portugal). Revenue fell 11.1% over 2020 on a same-store basis.

A breakdown of revenue by product category is included in Note 4.1 "Information by operating segment" of the Notes to the consolidated financial statements, in section 5.2 of this Universal Registration Document.

Revenue from consumer electronics fell, impacted in particular by the Photo and Telephony departments. Of note was the strong sales performance of IT products (segment related to home working) and Television, which partly offset this decline.

Revenue from editorial products, which are highly sensitive to impulse purchasing, was down compared to the previous year. All segments were impacted by the fall in store traffic.

Revenue from other products and services was down, impacted by the decline in the Stationery department and by the fall in services, which were also hit by store closures.

Online activities represented 25.9% of sales in the Iberian Peninsula in 2020, up 11.7 percentage points from 2019.

Current operating income in the Iberian Peninsula

Current operating income in the Iberian Peninsula came to €8.4 million in 2020 compared to €25.0 million in 2019, impacted by the fall in in-store activity and an unfavorable product mix.

Current operating profitability reached 1.3%, down 2.2 percentage points from 2019.

4.1.4.3 / Comparison of results for 2019 and 2020 for the Belgium and Luxembourg segment

The following table shows the key items in the income statement for the Belgium and Luxembourg segment for the periods ended December 31, 2019 and December 31, 2020.

(€ million)	2020	2019	Change
Revenue	608.9	595.6	2.2%
Current operating income	13.1	11.6	12.9%
Operating profitability	2.2%	1.9%	0.3pt

Revenue from the Belgium and Luxembourg segment

The revenue generated in the Belgium and Luxembourg segment amounted to €608.9 million for 2020 compared with €595.6 million for 2019, an increase of 2.2% in spite of the health crisis.

The Group opened 1 new directly owned store. Revenue rose by 1.4% in 2020 on a same-store basis.

Despite the health crisis and the rules introduced by the government, Belgium posted revenue growth, driven in particular by the growth in large domestic appliances, sales of IT products, and the strong momentum in online activities. Vanden Borre's strong performance in the second half of the year offset the poor performance of Fnac Belgium, which has been hit hard by the current health situation.

A breakdown of revenue by product category is included in Note 4.1 "Information by operating segment" of the Notes to the consolidated financial statements, in section 5.2 of this Universal Registration Document.

The change in revenue from consumer electronics resulted in particular from the increase in sales of IT products (related to remote working), partially offset by the decline in the Photography market, which has been impacted by increased competition from smartphones.

Revenue from editorial products, which are highly sensitive to impulse purchasing, was down compared to the previous year. The Books, Audio and Video segments were hit by the decrease in store traffic. Gaming was up, benefiting from more positive news in 2020.

The increase in revenue from white goods was driven by the growth of Large domestic appliances and Small domestic appliances.

Revenue from other products and services fell, impacted by store closures and falling traffic.

Online activities continued to grow, representing 35.3% of sales in the Belgium and Luxembourg region in 2020, a 17.0 percentage point increase from 2019.

Current operating income from the Belgium and Luxembourg segment

Current operating income from the Belgium and Luxembourg segment was €13.1 million in 2020 (compared to €11.6 million in 2019) benefiting from the strong performance by Vanden Borre in the second half of the year despite the context of the health crisis.

Current operating profitability reached 2.2%, a 0.3 percentage point increase from 2019.

4.1.5 / 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. Amounts in future Group financial statements could differ from the current estimates as a result of changes in these assumptions. The impact of changes in estimates and assumptions is recognized in the period when the change occurs and in all the future periods affected.

The main estimates and assumptions made by 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 Group's business, primarily in relation to inventory and income from ordinary activities; and the assumptions used to calculate the obligations relating to employee benefits, share-based payments and deferred tax. In particular, the Group uses discount rate assumptions, based on market data, in order to estimate its long-term assets and liabilities.

For a description of the assumptions used by the Group in the preparation of its financial statements, see Note 2.3.2 "Use of estimates and assumptions" to the annual financial statements included in section 5.2 "Notes to the consolidated financial statements for the year ended December 31, 2020" of this Universal Registration Document.

4.2 / Group cash and equity

4.2.1 / GENERAL PRESENTATION

Fnac Darty's main cash requirements stem from its working capital requirements and operating investments.

In 2019, the Group fully refinanced its €650 million bond issue through a new bond issue comprising 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.

Moreover, in April 2020 Fnac Darty signed a €500 million loan agreement, guaranteed by the French government, with a consortium of French banks. 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.

In 2020, the initiatives aimed at improving working capital requirements and investment management generated free cash flow from operations of €192.4 million (excluding the impact of IFRS 16) compared with a free cash flow of €172.9 million in 2019 (excluding the impact of IFRS 16). As of December 31, 2020, the Group had net cash of €113.9 million (excluding the impact of IFRS 16).

4.2.2 / FINANCIAL RESOURCES

4.2.2.1 / Overview

In 2020, the Group had the following financing sources:

- *cash:*

  Cash and cash equivalents amounted to €1,568.7 million as of December 31, 2020 (€995.5 million as of December 31, 2019);

- *liquidity:*

  In addition to this amount of available cash, a Revolving Credit Facility of €400 million had not been used at December 31, 2020, giving total liquidity of €1,968.7 million;

- *free cash flow:*

  Operating and investing activities generated positive net flows of €192.4 million as of December 31, 2020 (€172.9 million as of December 31, 2019);

- *financial debt:*

  The amount of the Group's financial debt as of December 31, 2020 was €1,454.8 million. It consists primarily of senior bonds with a cumulative principal amount of €650 million, the state-guaranteed loan for €500 million, a €200 million medium-term credit facility, and a €100 million loan from the European Investment Bank.

In April 2020, Fnac Darty signed a €500 million loan agreement, guaranteed by the French government, with a consortium of French banks. 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. This state-guaranteed loan, 70% of which is guaranteed by the French government, has a one-year maturity, expiring in April 2021, 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.

The Group's net cash position breaks 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	**113.9**	**(17.9)**

Including leasing debt, the Group's net financial debt breaks down as follows:

(€ million)	2020	2019 restated *
Leasing debt	1,113.8	1,179.3
Net cash	(113.9)	17.9
NET FINANCIAL DEBT WITH IFRS 16	**999.9**	**1,197.2**

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

4.2.2.2 / Financial debt

Fnac Darty took the opportunity of its new financing strategy announced on March 16, 2021 to renegotiate the terms of its credit facilities, amending its RCF credit line to raise the total amount to €500 million from the previous amount of €400 million. The Group has removed the guarantees from subsidiaries for the benefit of all of its lenders, including RCF and Term Loan banks, holders of High Yield bonds and the European Investment Bank. For more details, see section 4.3 "Recent events and outlook" in chapter 4 of this Universal Registration Document.

Financial debt as of December 31, 2020

The Group's gross financial debt as of December 31, 2020 stood at €1,454.8 million. It amounted to €2,568.6 million including the leasing debt relating to the application of IFRS 16.

(€ million)	2020	2019 restated *
2026 Bond and capitalized interest	350.7	350.7
2024 Bond and capitalized interest	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**
IFRS 16 leasing debt	1,113.8	1,179.3
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,568.6**	**2,192.7**

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

On December 16, 2019, the IFRS IC delivered a final decision on determining lease terms, in particular the determination of the enforceable period of a lease and the useful life of non-removable leasehold improvements. According to the IASB:

- the lease term must reflect a reasonable estimation of the period during which the leased property 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 useful life of non-removable leasehold improvements must be assessed from an economic point of view and must be consistent with the lease term.

The IFRS 16 lease terms were revised in accordance with the IFRS IC guidelines during the second half of 2020 and led to a revaluation of the leasing debt as of December 31, 2020.

In order to compare 2020 against 2019, 2019 leasing debt under IFRS 16 was 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 table below sets out the Group's gross debt by currency as of December 31, 2020.

(€ million)	2020	2019 restated *
Euro	1,454.8	1,013.4
TOTAL FINANCIAL DEBT EXCLUDING IFRS 16	**1,454.8**	**1,013.4**
Euro	1,090.4	1,153.9
Swiss franc	23.0	24.6
Other currencies	0.4	0.8
TOTAL FINANCIAL DEBT WITH IFRS 16	**2,568.6**	**2,192.7**

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

The table below sets out the maturities of the Group's financial debt as of December 31, 2020:

	2020						
(€ million)	Total	N+1	N+2	N+3	N+4	N+5	N+6 and beyond
Long-term borrowings and financial debt	**901.9**		**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**					
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**
%	**100.0%**	**38.0%**	**5.6%**	**6.0%**	**21.8%**	**1.1%**	**27.5%**
IFRS 16 leasing debt	**1,113.8**	**229.7**	**222.1**	**192.5**	**135.5**	**98.2**	**235.8**
Long-term IFRS 16 leasing debt	884.1		222.1	192.5	135.5	98.2	235.8
Short-term IFRS 16 leasing debt	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**

Sources of Group financing

The Group has solid sources of financing. These break down as follows:

2024 and 2026 Senior Notes

On May 15, 2019, Fnac Darty completed the transaction to renegotiate its bond issue after successfully refinancing its 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% and the 2026 bonds pay an annual coupon of 2.625%. The proceeds from the issue were used to repay in full the €650 million in outstanding senior bonds at 3.25% maturing in 2023.

These bonds rank pari passu with the Senior Credit Facility. Interest is payable half-yearly.

The High Yield Bonds are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

These bonds are redeemable in whole or in part at any time until May 30, 2021 for the 2024 bonds and until May 30, 2022 for the 2026 bonds at a price equal to the amount of nominal value plus an early repayment premium and accrued interest not yet due. From May 30, 2021 for the bonds maturing in 2024 and from May 30, 2022 for the bonds maturing in 2026, these bonds may be redeemed in whole or in part for the values shown in the table below:

2024 Bonds

Redemption period commencing:	Redemption price *(as % of the principal)*
May 30, 2021	100.9375%
May 30, 2022	100.4688%
May 30, 2023 and beyond	100.0000%

2026 Bonds

Redemption period commencing:	Redemption price *(as % of the principal)*
May 30, 2022	101.3125%
May 30, 2023	100.6563%
May 30, 2024 and beyond	100.0000%

These bonds have the same guarantees as the Senior Credit Facility.

The agreement for the High Yield Bond issue contains customary clauses that specifically restrict the Group's ability to incur additional debt, pay dividends or make any other distribution, grant pledges and guarantees, dispose of assets, execute transactions with affiliated companies or merge or consolidate with other entities.

The offering memorandum is available on the Irish Stock Exchange website.

State-guaranteed 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.

Senior Credit Facility

The Senior Credit Facility in the amount of €600 million due to mature in April 2023. The Facility comprises two lines:

- a medium-term loan (Senior Term Loan Facility) in the amount of €200 million, amortizable as of the fifty-fourth month; and
- a revolving credit facility (Revolving Facility) in the amount of €400 million to finance fluctuations in cash flows related to the seasonal nature of its business.

Drawdowns under the Senior Credit Facility are made in euros and bear interest at a rate equal to the sum of the Euribor reference rate for the period and a margin that can be adjusted based on the Group's rating.

As of December 31, 2020, the medium-term loan was drawn in full, i.e. €200 million, while the revolving facility was unused.

The Senior Credit Facility is guaranteed by certain subsidiaries of the Group; the guarantor companies are the same as those guaranteeing the 2024 and 2025 bonds.

The Senior Credit Facility includes two financial covenants which are tested on a half-yearly basis and exclude the impact of IFRS 16:

- an adjusted leverage ratio:

  this ratio is defined as "total adjusted debt" (i.e. net debt plus five times the amount of the rent as shown in the latest consolidated financial statements of the Group) divided by "consolidated EBITDAR" (i.e. the Group's current operating income plus net changes to depreciation, amortization and provisions on non-current operating assets and rent as shown in the latest consolidated financial statements of the Group); and
- an adjusted rate hedging ratio:

  this ratio is defined as "consolidated EBITDAR" (see definition above) divided by "financial expense (net)" plus rent as shown in the latest consolidated financial statements of the Group.

In view of the health crisis, the Group's lenders agreed to suspend its financial covenants for the months of June and December 2020.

However, as of December 31, 2020, all annual financial covenants have been observed.

The target values of the covenants to be achieved vary at each test period.

The Senior Credit Facility also includes general restrictive covenants that are customary for this kind of agreement, including certain restrictions related to the granting of pledges or guarantees, the disposal or acquisition of assets, the execution of merger or restructuring transactions, to debt or to dividend distribution (see section 7.5 "Dividend distribution policy").

Loan agreement with the European Investment Bank

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 the Group's digital transformation investments. This financing has a maximum maturity of nine years, on very attractive terms. As of December 31, 2020, €100 million of the EIB credit line was used.

Negotiable securities program

Fnac Darty also implemented a program of short-term negotiable debt instruments ("NEU CP") in 2018, designed to replace the drawdowns on the revolving credit facility for the Group's seasonal financing needs. This program, which has a ceiling of €400 million, consists of issues that are executed on the short-term debt market and have a maximum maturity of one year.

During the first half of 2020, the Group increased the amount of its short-term negotiable debt instrument program from €300 million to €400 million.

As of December 31, 2020, this program had not been used.

The program documentation is available on the Banque de France website.

4.2.3 / ANALYSIS OF CASH FLOWS

(€ million)	**2020**	**2019**
Net cash flows from operating activities	546.2	551.8
Net cash flows from operating investment activities	(106.7)	(145.0)
Free cash flow from operations	**439.5**	**406.8**
Net cash flows from financial investing activities	(10.2)	(108.1)
Net cash flows from financing activities	(272.0)	(297.2)
Net cash flows from discontinued operations	(25.0)	(27.6)
Impact of changes in foreign exchange rates	(0.5)	0.8
CHANGE IN NET FINANCIAL DEBT	**131.8**	**(25.3)**

4.2.3.1 / Net cash flows from operating activities and investments

(€ 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**
Operating investments	(99.4)	(152.4)
Change in payables and receivables relating to non-current assets	(8.6)	5.4
Operating divestments	1.3	2.0
NET CASH FLOWS FROM OPERATING INVESTMENT ACTIVITIES	**(106.7)**	**(145.0)**
FREE CASH FLOW FROM OPERATIONS	**439.5**	**406.8**

(€ million)	2020	2019
Free cash flow from operations	**439.5**	**406.8**
Repayment of leasing debt and interest	(247.1)	(233.9)
FREE CASH FLOW FROM OPERATIONS, EXCLUDING IFRS 16	**192.4**	**172.9**

Excluding impacts related to the application of IFRS 16, cash flows from operating activities and operating investments in 2020 amounted to €192.4 million, compared to €172.9 million in 2019.

Operating investments in 2020

In 2020, the Group's gross operating investments were €99.4 million, compared to €152.4 million in 2019. Investments were made specifically to automate logistics warehouses, install Kitchen spaces in the Darty network, develop the Group's websites, increase IT investment to modernize infrastructure within the Group, and digitize stores in order to improve the customer experience.

Generally, investments are made in order to support the Group's strategic plan, particularly the complementary features of the Fnac and Darty banners, the omnichannel platform and the digital segment.

The table below shows gross operating investments by geographical area for 2020 and 2019:

(€ million)	France-Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
December 31, 2020				
Store investments (excluding IT)	26.1	6.1	3.6	35.8
IT investments	45.7	2.6	1.6	49.9
Logistics investments	8.7	1.2	0.3	10.2
Other operating investments	3.0	0.5	0.0	3.5
TOTAL OPERATING INVESTMENTS	**83.5**	**10.4**	**5.5**	**99.4**
December 31, 2019				
Store investments (excluding IT)	52.1	10.5	5.3	67.9
IT investments	61.8	3.9	2.4	68.1
Logistics investments	10.4	0.4	0.6	11.4
Other operating investments	4.5	0.4	0.1	5.0
TOTAL OPERATING INVESTMENTS	**128.8**	**15.2**	**8.4**	**152.4**

4.2.3.2 / Net cash flows from financial investment activities

(€ million)	2020	2019
Acquisitions and disposals of subsidiaries net of debt	(9.1)	(106.7)
Acquisitions of other financial assets	(1.3)	(1.4)
Interest and dividends received	0.2	0.0
Cash flows from financial investing activities	**(10.2)**	**(108.1)**

The Group's net financial investments represented an outflow of €10.2 million in 2020 versus an outflow of €108.1 million in 2019.

In 2020, acquisitions and disposals of subsidiaries net of debt 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 an agreement to sell representing 19% of WeFix's equity. Following this acquisition, the Group now holds 69% of WeFix shares.

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

4.2.3.3 / Net cash flows from financing activities

(€ million)	**2020**	**2019**
Capital increase/(decrease)	0.0	7.1
Other transactions with shareholders	0.0	0.0
Purchases or sales of treasury stock	0.7	(21.0)
Repayment of leasing debt	(225.2)	(212.8)
Interest paid on leasing debt	(21.9)	(21.1)
Interest and equivalent payments	(25.2)	(45.8)
Financing of the Comet pension fund	(0.4)	(4.6)
Other changes	0.0	1.0
Net cash flows from financing activities	**(272.0)**	**(297.2)**

In 2020, net cash flows from financing activities included the effect of the application of IFRS 16 for an amount of €247.1 million. Excluding IFRS 16, net cash flows from financing activities amounted to an expense of €24.9 million in 2020 compared to an expense of €63.3 million in 2019.

In 2020:

- acquisitions or sales of treasury stock for €0.7 million correspond to 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;
- interest and equivalent payments of €25.2 million represent the financial interest on the instruments set up to finance the Group;
- the financing of the British Comet pension fund represents the cash paid by the Group in connection with the pension commitments for former Comet employees in the United Kingdom. Following a renegotiation in 2019, payments were suspended from January 2020 and amount to €0.4 million for 2020.

In 2019:

- the capital increase of €7.1 million primarily represents the creation of 110,937 shares to support the Fnac Darty Employee Stock Ownership Plan implemented for employees in Belgium, Spain, France, the Netherlands, Portugal and Switzerland;
- outflows for the purchase of treasury stock include €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 includes a net payment 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 shares;
- the interest and equivalent payments represent the financial interest on the instruments set up to finance the Group and include a non-recurring expense of €27.0 million following the renegotiation of the bond issue;
- payments related to the financing of the British Comet pension fund amounted to €4.6 million.

4.2.3.4 / Net cash flows from discontinued operations

Net cash flows from discontinued operations in 2020 and 2019 represent outflows of €25.0 million and €27.6 million respectively, corresponding to the cash flows of the Dutch subsidiary BCC. 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 owning 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.

4.2.3.5 / Change in net cash

The change in net cash in 2020 and 2019 was as follows:

(€ million)	**2020**	**2019**
Free cash flow from operations	439.5	406.8
Acquisitions and disposals of subsidiaries net of cash acquired or transferred	(9.1)	(106.7)
Purchases and sales of other financial assets (net)	(1.3)	(1.4)
Interest and dividends received	0.2	0.0
Dividends paid to shareholders, parent company	0.0	0.0
Interest paid net of interest and dividends received	(25.2)	(45.8)
Repayment of leasing debt	(225.2)	(212.8)
Interest paid on leasing debt	(21.9)	(21.1)
Capital increase/(decrease)	0.0	7.1
Purchases or sales of treasury stock	0.7	(21.0)
Financing of the Comet pension fund	(0.4)	(4.6)
Other changes	0.0	1.0
Net cash flows from discontinued operations	(25.0)	(27.6)
Impact of changes in exchange rates	(0.5)	0.8
Change in net cash excluding IFRS 16	**131.8**	**(25.3)**
Net cash excluding IFRS 16 at January 1	**(17.9)**	**7.4**
Net cash excluding IFRS 16 at end of period	**113.9**	**(17.9)**

4.3 / Recent events and outlook

In an environment that remains uncertain, 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 document, the health crisis is still present and restrictions remain in place in France and in other countries where the Group operates, with a number of stores closed. However, the Group is seeing an overall revenue trend as of mid-February 2021 equivalent to that seen in the fourth quarter of 2020, driven by sales in the stores that are open and on the Group's e-commerce platforms.

The Group also notes that it does not anticipate a return to normal in Ticketing activities until the second half of 2021 at best. Lastly, the recovery of economic activity in the Iberian Peninsula is expected to be slower than the other countries in which the Group operates.

Therefore, despite an encouraging start to the year in a health context which is still uncertain, the Group remains prudent and confirms slight revenue and current operating income growth for 2021 compared to 2020.

In addition, on February 23, Fnac Darty launched Everyday, its new strategic plan. The challenges and opportunities of this new plan are set out in chapter 1.5 of this document.

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

The events referred to in this section occurred after the financial statements were approved by the Board of Directors on February 23, 2021.

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New organizational structure for the Executive Committee of Fnac Darty to fulfill the ambition of the Group's Everyday strategic plan

On March 15, 2021, Fnac Darty announced a new organizational structure for its Executive Committee to fulfill the ambition of Everyday, the Group's new strategic plan.

These changes will contribute to Fnac Darty's ambition to be the key day-to-day and long-term ally for consumers, helping them to be sustainable in their consumption habits and daily household tasks, and thus to implement the main lines of the plan:

- embodying new standards for successful digital and human omnichannel retail in the future;
- rolling out the benchmark subscription-based home assistance service;
- helping consumers adopt sustainable practices.

The new organization, which will take effect on March 30, 2021 [1], will develop the following areas to support the execution of Everyday and the Group's transformation:

- to help us realize our ambitions on digital acceleration, a complete digital division is emerging, around the E-Commerce and Digital businesses. This E-Commerce and Digital Department will be headed by Olivier Theulle, previously Director of Operations and DOSI;
- to help us realize our ambitions around Services and Sustainability, the new organizational structure creates a Services & Operations Department. In particular, this department will bring together all of the Service activities, from the design of offers to their operational execution.

  The Services Department has therefore been merged with the Operations Department to form a new Services and Operations Department, led by Vincent Gufflet, previously Commercial Director, Products and Services. He will also be responsible for managing the WeFix subsidiary;
- to help us realize our ambitions related to the consumer and become his or her key ally, the Customer is given a more substantial place in the new organization. Accordingly, a Customer Department has been created, with strong links to the brands.

  This department will also be responsible for the commercial development levers, i.e. the commercial promotion of products and services on the web and in stores, the concept and merchandising, and pricing. This new Customer, Marketing and Business Development Department will be headed by Samuel Loiseau, previously Director of Business Development. In light of this, Samuel Loiseau joins the Group's Executive Committee;

(1) Subject to the ongoing consultation process with FDPS staff representative bodies.

- Anne-Laure Feldkircher has been appointed Executive Director of Group Transformation and Strategy to drive the Group's transformation and the execution of the strategic plan. In addition to her current activities, she will lead indirect purchasing, the performance plan and the Ticketing business.

Some areas of responsibility are changing or have been filled accordingly:

- the Commercial Department is focused on the development and management of the offer, with the B2B and Kitchen activities, as well as the Second Life activity, being attached to it. The Advertising & Trade activity will also be attached to the Commercial Department. The new Commercial Department will be led by Benoît Jaubert, previously Operations Director;
- François Gazuit has been appointed Operations Director. He will be responsible for managing the Fnac and Darty integrated and franchised stores. He will also coordinate Fnac's activities in Switzerland. François Gazuit was previously in charge of Darty Operations. In light of this, he joins the Group's Executive Committee;
- Cécile Trunet-Favre succeeds Benjamin Perret as Director of Communications and Public Affairs. Cécile Trunet-Favre has a wealth of experience in communications, and until now has held the position of Director of Media and Influence for the SNCF Group, where she has been in charge of crisis communications, e-reputation and financial communications since October 2020. At Fnac Darty, she will be responsible for press relations and events, internal communications, public affairs, media partnerships and cultural action.

The other areas of responsibility have been confirmed:

- Annabel Chaussat is Chief Executive Officer of Fnac Spain, taking over from Marcos Ruao. Annabel Chaussat was previously in charge of the Marketing and E-commerce Department;
- Tiffany Foucault is Group Human Resources Director;
- Frédérique Giavarini is the Group's General Secretary and Managing Director of Nature & Découvertes;
- Jean-Brieuc Le Tinier is Group Financial Director. Jean-Brieuc Le Tinier is also in charge of managing activities in Portugal, in collaboration with Nuno Luz, Managing Director of Fnac Portugal;
- Charles-Henri de Maleissye is Managing Director of Fnac Vanden Borre in Belgium, also in charge of managing activities in Luxembourg.

Financing strategy

On March 16, 2021, Fnac Darty announced the success of its new financing strategy with:

- the placement of its first convertible bond (OCEANE) for €200 million maturing in 2027;
- the extension of its RCF line of credit to €500 million with a maximum maturity of 2028 and the repayment of the Senior Term Loan Facility of €200 million maturing in April 2023;
- repayment in full of its €500 million State-guaranteed Loan (Prêt Garanti par l'État, PGE).

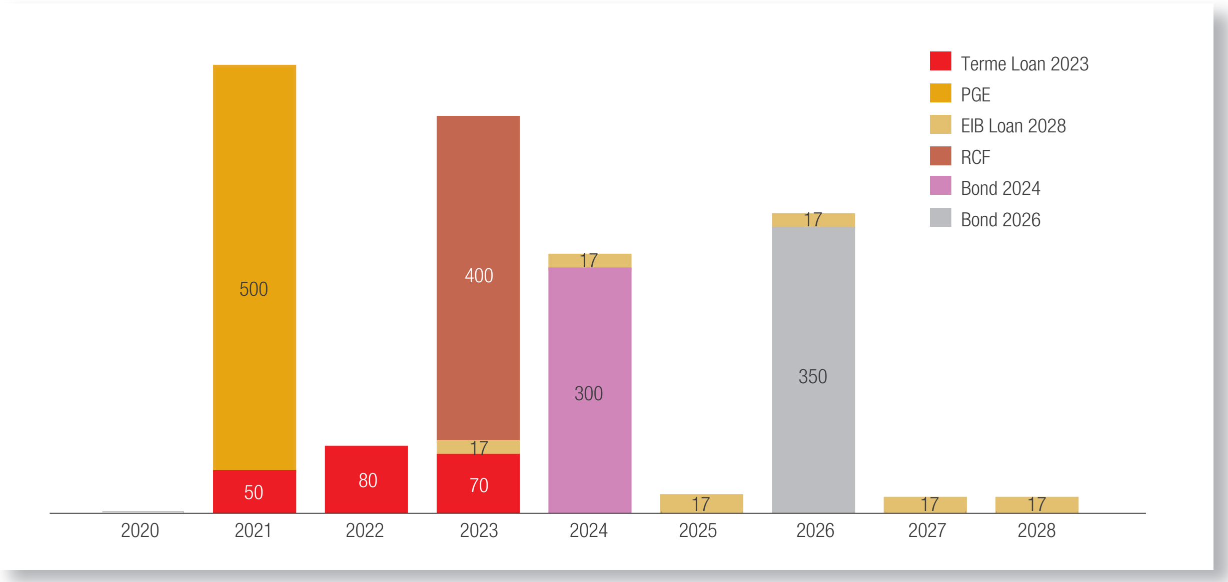
On the back of its solid 2020 results, which demonstrated the resilience of its business in an unprecedented crisis, the Group today announced the finalization of its long-term debt restructuring, with an extended maturity profile, diversified sources of financing, optimized cost and securing its long-term liquidity.

The group has therefore initiated repayment in full of its PGE of €500 million. This instrument will have allowed Fnac Darty to face the health crisis with confidence throughout 2020.

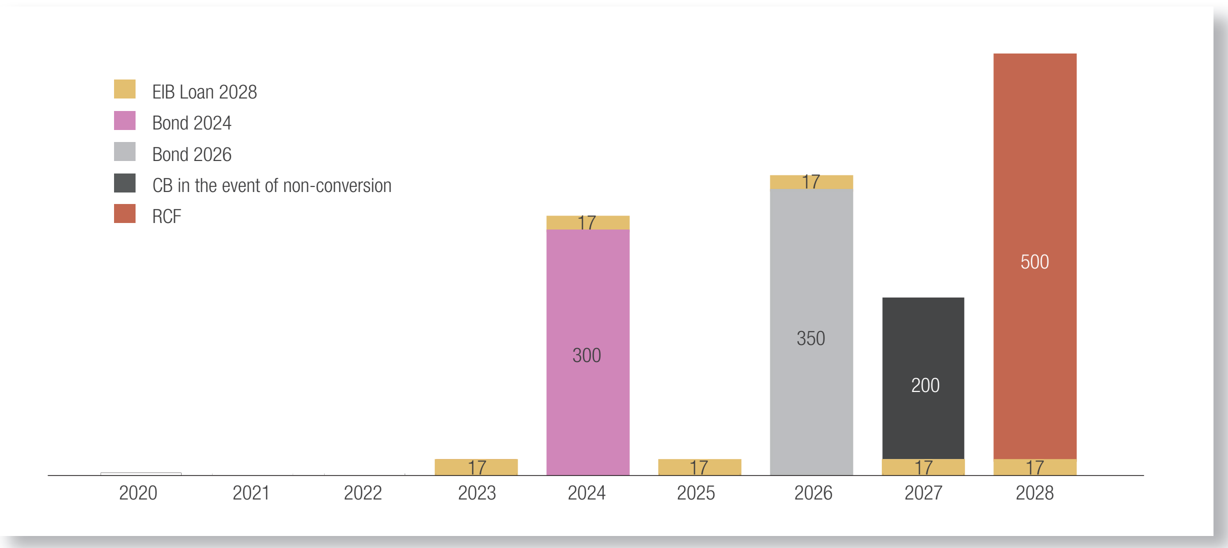
The Group succeeded in placing its issue of bonds with an option for conversion and/or exchange for new and/or existing shares (Oceane), maturing in 2027, for a nominal amount of €200 million corresponding to 2,468,221 bonds with a par value of €81.03 per bond. Based on the initial conversion/exchange ratio of one share per bond, the potential dilution would represent approximately 9.28% of the Company's outstanding share capital. The issue will be allocated to the repayment of its Senior Term Loan Facility in the amount of €200 million that matures in April 2023.

At the same time, Fnac Darty renegotiated the terms of its credit facilities by amending its RCF credit line to raise the total amount to €500 million from the previous amount of €400 million. The Group has removed the guarantees from subsidiaries for the benefit of all of its lenders, including RCF and Term Loan banks, holders of High Yield bonds and the European Investment Bank. This removal of guarantees could lead credit rating agencies to review the rating of High Yield bonds without necessarily having any consequences on the Group's overall credit rating. This credit line will have a maturity of five years (March 2026) which may be extended at Fnac Darty's request until March 2028. In line with the strategic goals of the new strategic plan, Everyday, this new credit facility includes a Corporate Social Responsibility (CSR) component that will allow the Group to improve its financing terms if the designated targets are achieved.

Statement of the Group's debt schedule at December 31, 2020



New debt schedule for the Group as a result of the new financing strategy and in the event of non-conversion of the convertible bond



5

Financial statements

5.1 / Group consolidated financial statements as of December 31, 2020 and 2019

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

(€ million)	Notes	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**
(Net) financial expense	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)	Notes	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)	Notes	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)	Notes	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		**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)	Notes	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 PERIOD-END	**21**	**1,568.7**	**995.5**

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

(€ million)	Number of shares outstanding [(a)]	Share capital	Equity-related reserves	Translation reserves	Other reserves and net income	Shareholders' equity – Group share	Shareholders' equity – Non-controlling interests	Shareholders' equity – 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 [(a)]	**26,608,571**	**26.6**	**971.2**	**(4.5)**	**375.2**	**1,368.5**	**4.9**	**1,373.4**

(a) €1 par value of shares.

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

General information

Income statement and comprehensive income statement

Balance sheet assets

Working capital requirement

Shareholders' equity

Balance sheet liabilities

Additional information

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 on the date these financial statements were established. These standards were mandatory at that date, and 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 adopted by the European Union and 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 financial 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 as of January 1, 2019, with an offsetting right-of-use asset. The impact on the 2019 income statement is not material. All work carried out for the purpose of applying the IFRS IC's decision is described 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 not to carry out an assessment to decide whether such concessions are lease modifications, and generally to recognize the concessions immediately 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 preparation and presentation of the consolidated financial statements

2.3.1 Bases for evaluation

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 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 dual approach has been adopted: ■ contractual, 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 12 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, plus 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.

Estimate		Nature of the estimate
Notes 2.9 and 22	Inventories	Inventory 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 flow). 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 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 the agent/principal classification are: ■ primary responsibility for performance of the agreement; ■ exposure to inventory 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 primarily based on total annual purchases, quantities of items 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.
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 borrowings, 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 fluctuations in the rates; 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 Chapter 5.2, 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 evaluating 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 WeFix subsidiary; the BilletReduc brand, valued in February 2019 following the acquisition of the 123Billets subsidiary, and the Nature & Découvertes brand, valued in August 2019 following the acquisition of the Nature & Découvertes subsidiary.

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 valued using the surplus profits approach, which consists of calculating the discounted sum of the future operating margins attributable to them, after taxes and remuneration of support 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 of 12 months or less) 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 lease agreements." 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 financial 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 as of 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 as of 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 agreement and the associated directives 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 lease agreements 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 amortization on 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 expense" 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 leasing debt is 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" paragraph). 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 of 12 months or less) 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 agreement 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, plus 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 sure that it will exercise those options; and
- the payment of penalties for terminating the lease agreement, if any are set out in the agreement.

Variable rents that do not depend on an index or interest rate are not included in the valuation of the leasing debt or the right of use. 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 debt.

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 provisioning date of the asset.

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 in the paragraph on "Treatment of leases 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 are valued at the lower end of their cost and their 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 inventory 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;
- 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 Chapter 5.2, 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 valued at fair value on the income statement:

  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 a contra item 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;
- furthermore, 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 (Chapter 5.2, 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 intellectual property licenses (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 provided. The table below summarizes the Agent/Principal analysis of the main products and services provided by the Group in conjunction with partners:

	Agent	Principal
Internet/Store		
Marketplace	X	
Photo developing	X	
E-Books	X	
Games and 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		
Sale 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 and 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-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-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 these costs 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 useful 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 brand'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 useful 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 an agreement to sell 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-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-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-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 and property, plant & equipment [(a)]	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**

(a) Acquisitions of intangible assets and property, plant and equipment, including change in receivables and payables on assets.

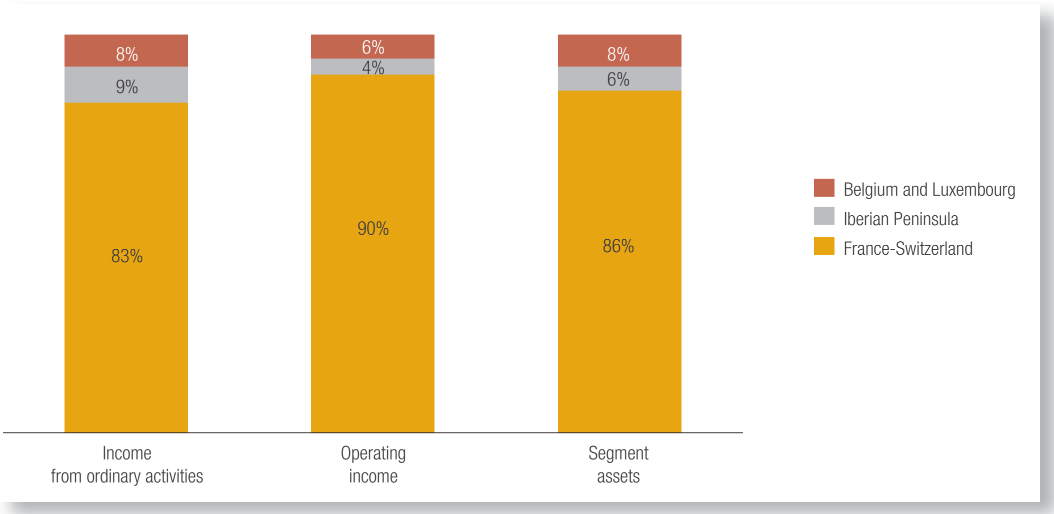
(€ million)	France-Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
DECEMBER 31, 2019				
INCOME FROM ORDINARY ACTIVITIES	**6,030.7**	**722.3**	**595.6**	**7,348.6**
Consumer electronics *	2,872.3	422.9	306.1	**3,601.3**
Editorial products *	960.0	214.0	51.4	**1,225.4**
Domestic appliances *	1,357.8	0.0	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 and property, plant & equipment [(a)]	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.*

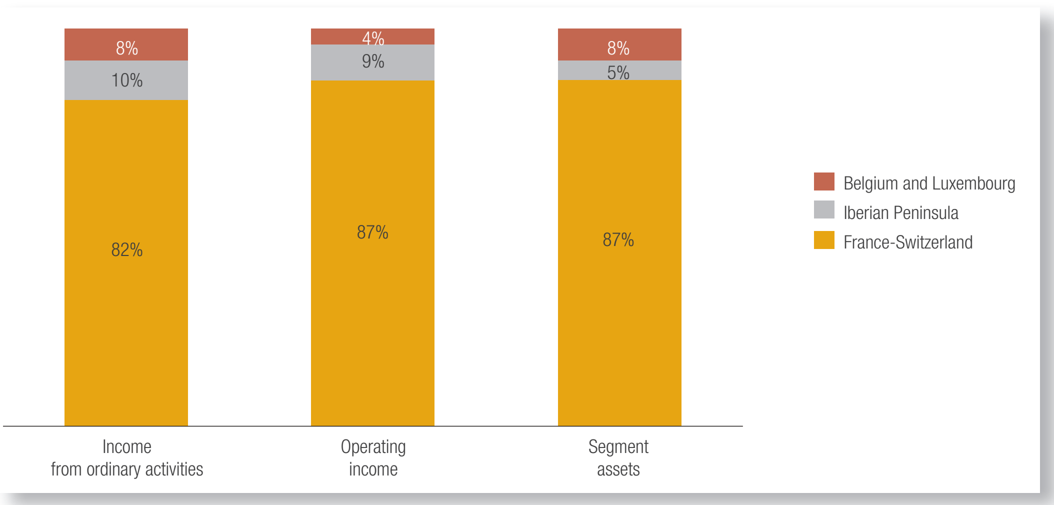
(a) *Acquisitions of intangible assets and property, plant and equipment, including change in receivables and payables on assets.*

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

In 2020



In 2019



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-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-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-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 35% 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 share 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 publication date of the Universal Registration Document, none of these options had been exercised.

The total IFRS 2 expense recognized as of December 31, 2020 for the 2018 performance share 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 publication date of the Universal Registration Document, none of these options had been exercised.

The total IFRS 2 expense recognized as of December 31, 2020 for the 2017 performance share 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. 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-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**
Ménafinance	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" breaks down as follows:

(€ million)	Associates	Ménafinance	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**		0.1	
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-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 for 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 for the BilletReduc banner and five months of operating activity for the Nature & Découvertes banner.

NOTE 10 OTHER NON-CURRENT OPERATING INCOME AND EXPENSE

(€ million)	**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 income 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 in the Group's warehouses during the first lockdown period to fulfill online orders. In the first half of 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 expense 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 expense 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 leasing 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 issue, the €200 million medium-term credit facility and the €100 million loan agreement concluded 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 leasing 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 of the income 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)	2019	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)	Group share Consolidated Group	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 stocks	(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)	Group share Consolidated Group	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 bonds: 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:

(€ million)	2020 Gross	2020 Tax	2020 Net
Translation differences	1.3	0.0	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)**

(€ million)	2019 Gross	2019 Tax	2019 Net
Translation differences	(1.3)	0.0	(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 Nature & Découvertes, Billetreduc.com, CTS Eventim France and PC Clinic.

The goodwill related to the acquisition of Nature & Découvertes, Billetreduc.com, 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.com 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. IFRS 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.com 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 useful 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 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.

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.com 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.com, 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 lease liabilities;
- deposits and securities related to operating assets;
- deferred taxes;
- working capital requirement;
- 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 useful life (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 lease liabilities. 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 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.

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
Inventory impairment	(28.3)	(5.1)				(33.4)
NET INVENTORY 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;
- 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 AND 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 (2)+(3)	**211.2**	**3.6**	**0.0**	**0.0**	**0.0**	**214.8**
Trade payables due (4)	(1,888.7)	104.3	0.0	0.0	0.0	(1,784.4)
Trade payables receivable and provisions (5)	221.4	2.0	0.0	0.0	0.0	223.4
NET TRADE PAYABLES (4)+(5)	**(1,667.3)**	**106.3**	**0.0**	**0.0**	**0.0**	**(1,561.0)**
Payroll liabilities (6)	(237.9)	(19.5)	0.0	0.0	0.0	(257.4)
Tax payables and receivables (excluding income tax) (7)	(93.4)	(26.8)	0.0	0.0	0.0	(120.2)
Other operating payables and receivables (8)	(212.8)	(36.7)	0.0	1.6	0.0	(247.9)
OTHER OPERATING WCR (Σ 6 TO 8)	**(544.1)**	**(83.0)**	**0.0**	**1.6**	**0.0**	**(625.5)**
OPERATING WCR (Σ 1 TO 8)	**(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 [(a)]	**(963.4)**	**(103.0)**	**0.0**	**1.5**	**(0.0)**	**(1,064.8)**

(a) 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 sold by the Group's suppliers 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. Consequently, 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 and 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 were not material.

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	0.0
Treasury stock	0.5	0.0	0.5
Valuation of share-based payments	8.1	0.0	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 an agreement to sell 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.

United Kingdom 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 United Kingdom 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. yield-oriented investment funds; 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)	(0.0)				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%**
IFRS 16 LEASING DEBT	**1,113.8**	**229.7**	**222.1**	**192.5**	**135.5**	**98.2**	**235.8**
Long-term IFRS 16 leasing debt	884.1		222.1	192.5	135.5	98.2	235.8
Short-term IFRS 16 leasing debt [(a)]	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**

(a) 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%**
IFRS 16 LEASING DEBT *	**1,179.3**	**212.3**	**214.1**	**209.9**	**160.3**	**123.9**	**258.8**
Long-term IFRS 16 leasing debt *	967.0		214.1	209.9	160.3	123.9	258.8
Short-term IFRS 16 leasing debt [(a)] *	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.*
(a) *Discounted value of payment due in the next twelve months.*

28.2 / Leasing debt

Leasing debt is 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 was 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

Variable lease payments that do not depend on an index or interest rate are not included in the measurement of the leasing debt 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 (12 months or less) and leases for low-value assets (less than 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 expense" 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 leasing debt 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 currencies	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**
IFRS 16 leasing debt	**1,113.8**	**1,179.3**
Long-term IFRS 16 leasing debt	884.1	967.0
Short-term IFRS 16 leasing debt [(a)]	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.*
(a) *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)
Sales 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 an agreement to sell 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.com, 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 the Group's Employee Stock Ownership Plan implemented for employees in Belgium, Spain, France, the Netherlands, Portugal and Switzerland;
- outflows for the purchase of treasury stocks include €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 shares;
- 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,
  - 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 United Kingdom 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)**
(Net) financial expense	(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 in the United Kingdom.

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 26.

	Payments due according to maturity			
(€ million)	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**

	Payments due according to maturity			
(€ million)	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 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 fifty-fourth month; and
- a revolving credit facility (Revolving 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 seven 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 repay in full 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 obtained by Fnac Darty SA, the following Group companies 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.

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: Less than one year	One to five years	More than five years	2020	2019
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, 2020 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 granting 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 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 GBP 23 million given by Darty in 2012, during the disposal of Comet, and extended on January 31, 2020 until May 2026;
- an additional guarantee of GBP 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, 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**

		Maturity for 2019		
(€ million)	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	Breakdown by accounting classification					2019
(€ 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*
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 set at 35%. 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 Chapter 5, Note 7.

The December 2017 bonus share plan expired on March 2, 2020. 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 publication date of the Universal Registration 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 publication date of the Universal Registration 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

In an environment that remains uncertain, 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 document, the health crisis is still ongoing and restrictions are still in place in France, as is the case in the other countries in which the Group operates, with some stores currently closed. 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 also launched its new strategic plan, Everyday. The plan's challenges and opportunities are detailed in section 1.5 of this document.

Lastly, given the strength of its business model, Fnac Darty will propose to the General Meeting on May 27, 2021 to reactivate 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

Fnac Darty consolidation scope as of December 31, 2020

Company	% interest 12/31/2020		% interest 12/31/2019	
Fnac Darty (parent company)				
FNAC BANNER				
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 Accès	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 Périphérie	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 (Belgium)	F	69.00	F	51.00
Luxembourg				
Fnac Luxembourg	F	100.00	F	100.00
Spain				
Fnac España	F	100.00	F	100.00
Monaco				
Fnac Monaco	F	100.00	F	100.00

Company	% interest 12/31/2020		12/31/2019	
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
DARTY BANNER				
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 Distribution SAS (CECD)	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

Company	% interest 12/31/2020		% interest 12/31/2019	
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 BANNER				
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

NOTE 41 ESEF IDENTIFYING INFORMATION

Name of reporting entity	Fnac Darty
Explanation of change in name of reporting entity since the end of the previous reporting period	-
Domicile of reporting entity	Ivry-sur-Seine, France
Legal form of entity	A French limited company (société anonyme) with a Board of Directors
Country of incorporation	France
Address of entity's registered office	9, rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine, France
Principal place of operation	France
Description of the nature of the entity's transactions and main permitted activities	Retail of leisure, technical and domestic appliances to the general public
Name of parent entity	Fnac Darty
Name of ultimate parent entity	Fnac Darty

5.3 / Parent company financial statements as of December 31, 2020 and 2019

Income statement

(€ million)	Notes	2020	2019
Operating income		10.5	18.7
Operating expenses		(13.9)	(22.8)
OPERATING INCOME (LOSS)	**3**	**(3.4)**	**(4.1)**
Charges and interest on debt owed to non-Group entities		(22.3)	(40.0)
Additions/reversals of impairment provisions		(94.6)	0.0
Other financial income and expense		(0.2)	0.3
NET FINANCIAL INCOME (LOSS)	**4**	**(117.1)**	**(39.7)**
CURRENT INCOME (LOSS) BEFORE TAX		**(120.5)**	**(43.8)**
Non-recurring income	5	(7.9)	(7.0)
Employee profit-sharing		0.0	0.0
Income tax	6	55.4	41.8
NET INCOME (LOSS) FOR THE PERIOD		**(73.0)**	**(9.0)**

Balance sheet assets

(€ million)	Notes	Gross value	Amortization, depreciation, provisions	As of December 31, 2020 Net value	As of December 31, 2019 Net value
NON-CURRENT ASSETS					
Equity investments		1,955.2	(94.6)	1,860.6	1,955.2
Other non-current financial assets		8.7	0.0	8.7	9.0
TOTAL NON-CURRENT FINANCIAL ASSETS	**7**	**1,963.9**	**(94.6)**	**1,869.3**	**1,964.2**
Property, plant and equipment and intangible assets	8	0.0	0.0	0.0	0.0
TOTAL NON-CURRENT ASSETS		**1,963.9**	**(94.6)**	**1,869.3**	**1,964.2**
CURRENT ASSETS					
Receivables	9	354.6	0.0	354.6	382.4
Investment securities	10	0.0	0.0	0.0	0.0
Cash and cash equivalents	10	503.6	0.0	503.6	2.5
TOTAL CURRENT ASSETS		**858.2**	**0.0**	**858.2**	**384.9**
TOTAL ASSETS		**2,822.1**	**(94.6)**	**2,727.5**	**2,349.1**

Balance sheet liabilities

(€ million)	Notes	As of December 31, 2020	As of December 31, 2019
Shareholders' equity			
Share capital		26.6	26.5
Additional paid-in capital		971.2	971.3
Reserves		2.6	2.6
Retained earnings		302.4	311.4
Regulatory provisions		25.2	19.9
Net profit (loss) for the period		(73.0)	(9.0)
TOTAL SHAREHOLDERS' EQUITY	**11**	**1,255.0**	**1,322.7**
Debts			
Bonds	12	651.3	651.3
Other financial debt	12	800.0	350.0
Other debts	13	21.2	25.1
TOTAL LIABILITIES		**2,727.5**	**2,349.1**

Cash flow statement

(€ million)	Notes	2020	2019
Net income		(73.0)	(9.0)
Income and expense with no impact on cash		99.9	5.3
CASH FLOW		**26.9**	**(3.7)**
Change in working capital requirements		21.1	(82.9)
CHANGE IN CASH FLOW FROM OPERATING ACTIVITIES	**15**	**48.0**	**(86.6)**
(Acquisitions)/Disposals of non-current operating assets		0.0	0.0
Change in non-current financial assets		0.3	(5.4)
CHANGE IN CASH FLOW FROM INVESTING ACTIVITIES	**15**	**0.3**	**(5.4)**
Net change in financial debt		452.7	101.8
Change in shareholders' equity		0.0	(13.2)
Dividends paid		0.0	0.0
CHANGE IN CASH FLOW FROM FINANCING ACTIVITIES	**15**	**452.7**	**88.6**
CHANGE IN CASH POSITION		**501.1**	**(3.4)**
CASH AT BEGINNING OF PERIOD		**2.5**	**5.9**
CASH AT END OF PERIOD		**503.6**	**2.5**

Change in shareholders' equity and other capital

€ million (before appropriation of earnings)	Number of shares outstanding	Share capital	Additional paid-in capital and other shareholders' equity	Reserves and retained earnings	Net profit (loss) for the period	Shareholders' equity
AS OF DECEMBER 31, 2018 [(a)]	**26,605,439**	**26.6**	**984.4**	**346.0**	**(17.4)**	**1,339.6**
Appropriation of 2018 earnings				(17.4)	17.4	0.0
Capital increase	(89,867)	(0.1)	(13.1)			(13.2)
Regulatory provisions				5.3		5.3
2019 Profit/Loss					(9.0)	(9.0)
AS OF DECEMBER 31, 2019 [(a)]	**26,515,572**	**26.5**	**971.3**	**333.9**	**(9.0)**	**1,322.7**
Appropriation of 2019 earnings				(9.0)	9.0	0.0
Capital increase	92,999	0.1	(0.1)			0.0
Regulatory provisions				5.4		5.4
2020 Profit/Loss					(73.0)	(73.0)
AS OF DECEMBER 31, 2020 [(a)]	**26,608,571**	**26.6**	**971.2**	**330.3**	**(73.0)**	**1,255.0**

(a) €1 par value of shares.

5.4 / Notes to the parent company financial statements for the year ended December 31, 2020

NOTE 1 HIGHLIGHTS OF THE PERIOD

State-guaranteed 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 program was unused at the annual balance sheet date.

Performance stock option 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 publication date of the Universal Registration 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 publication date of the Universal Registration Document, none of these options had been exercised.

Bonus share plan

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.

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 December 2017 bonus share plan expired on March 2, 2020. 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 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.

Impairment of Darty Limited shares

At the end of 2020, Fnac Darty valued its equity investments in Fnac Darty Participations et Services (FDPS) and Darty Limited at their value in use. Following the decrease in the Group's average market capitalization in 2020 associated with the fall in the price of Fnac Darty shares, Darty Limited's value in use was less than its book value as of December 31, 2020. As a result, the Company recorded a write-down of €94.6 million on its Darty Limited shares. Following this impairment, the net book value of the Darty Limited shares is €1,022.1 million.

NOTE 2 ACCOUNTING PRINCIPLES AND POLICIES

The annual financial statements for 2020 were drawn up in accordance with the provisions of ANC regulation 2016-07 on the French General Accounting Plan, established by the French accounting standards authority on November 4, 2016 and approved by the Ministerial Order of December 26, 2016 (Official Journal of December 28, 2016, updated for all regulations amending it thereafter).

General accounting conventions were applied with respect to the principle of prudence and in accordance with basic assumptions (going concern, consistency of accounting policies from one period to the next, independence of periods) and in accordance with the general rules for preparation and presentation of annual financial statements.

These financial statements are presented in euros, Fnac Darty's functional currency. The following tables contain individually rounded data. Arithmetic calculations performed on the basis of these rounded figures may differ from the line items or sub-totals shown.

The basic method used to value the items recognized in the accounts is the historical cost method. The principal methods used are as follows:

2.1 / Non-current financial assets

Equity investments

Securities are classified as "Equity investments" when their ownership is deemed useful to the Company's operations, particularly because it enables influence or control over the issuing company.

On the entry date, equity investments are recognized at the acquisition cost, including transfer taxes, fees, commissions and legal costs. The Company opted for including the acquisition costs in the entry cost of the shares (opinion of the CNC Emergency Committee of June 15, 2007).

At period-end, the Company values its equity investments in Fnac Darty Participations et Services (FDPS) and Darty Limited at their value-in-use. The value-in-use is determined on the basis of the observed average market capitalization of the Fnac Darty share during a given period, weighted by the objective of the analysts' consensus. By applying economic criteria, this value-in-use can be allocated between the two subsidiaries. This valuation takes the Company's debt into account. When this value is lower than the book value, an impairment is recorded for the amount of this difference.

Treasury stock

Treasury stock acquired under a liquidity agreement is recorded in other non-current financial assets. Treasury stock is recognized on the delivery date at acquisition price excluding transaction fees. At the time of sale, the cost price of the shares transferred was established using the First-In-First-Out (FIFO) method.

As of December 31, 2020, Fnac Darty holds 68,010 treasury shares.

2.2 / Receivables and payables

Receivables and payables are recognized at nominal value. Where appropriate, receivables are provisioned to take into account any potential recovery difficulties.

2.3 / Investment securities and cash and cash equivalents

Investment securities are recognized in the balance sheet at their acquisition price.

Acquisition costs of investment securities are expensed in accordance with the option provided by Article 321-10 of the French General Accounting Plan applicable to marketable securities.

Potential impairment provisions are determined by comparing this value with the probable trading value or average share price from the previous month for listed securities.

Mutual fund (Sicav)

Mutual fund (Sicav) shares are recognized at their acquisition cost. They are estimated at period-end at their net asset value. Any unrealized capital loss is provisioned for impairment. Any unrealized capital gain is not taken into account.

2.4 / Tax consolidation

Fnac Darty notified the French tax authorities in writing on March 15, 2013 that the company and all of its subsidiaries were opting for the tax consolidation rules for groups implemented by Article 68 of the 1988 finance law. The tax consolidation agreement took effect on January 1, 2013.

The tax consolidation agreement entered into on July 1, 2013 between Fnac Darty and its subsidiaries and second-tier subsidiaries is effective from January 1, 2013. As of December 31, 2020, it covered 28 companies.

Since January 1, 2020, the tax consolidation scope has included Nature & Découvertes SA and Terre d'Oc.

Under these rules, Fnac Darty acts as a corporate tax collector for the subsidiaries and is solely responsible for paying this tax to the Public Treasury.

Conditions for distribution of the corporate income tax are as follows:

- the tax paid by each subsidiary is the same as the tax the subsidiary would have incurred if it had not been consolidated for tax purposes; and
- Fnac Darty immediately takes into account the tax savings or expense resulting from the difference between the sum of the tax that would have been paid by each of the companies had they paid their own tax and the tax payable on the total taxable income.

2.5 / Operating income (loss)

Operating income (loss) results from income and expense related to the Company's current operations.

2.6 / Net financial income (loss)

Net financial income (loss) results from income and expense related to the Company's financing and cash management.

2.7 / Non-recurring income

Non-recurring income includes income and expense that, by their nature, occurrence or material character, do not fall within the Company's ordinary operating activities.

2.8 / Performance-based compensation plans

The Company applies the French General Accounting Plan (PCG) Article 642-1 et seq. relating to the accounting treatment of stock options and bonus share allotment plans granted to employees. This regulation stipulates that whenever it is probable that the Company will deliver existing shares to plan beneficiaries, a liability should be recognized on the basis of the probable outflow of resources.

NOTE 3 OPERATING INCOME (LOSS)

(€ million)	**2020**	**2019**
Group royalties	9.5	13.4
Other reinvoicings	1.0	5.2
Payroll expenses	(6.2)	(6.7)
Purchasing, external costs, and income and other taxes	(7.7)	(16.1)
Net amortization and depreciation and provisions	0.0	0.0
Other income and expense	0.0	0.1
TOTAL	**(3.4)**	**(4.1)**

In 2020, Group royalties totaled €9.5 million, compared to €13.4 million in 2019.

As of December 31, 2020, other reinvoicing totaled €1.0 million, compared to €5.2 million in 2019. For 2019, the amount of this reinvoicing was higher due to the early repayment of the bonds.

In 2020, purchasing, external costs, and income and other taxes were primarily comprised of bonds borrowing costs of €0.8 million, Group registered office costs of €2.9 million and miscellaneous fees of €1.6 million. In 2019, this item was primarily comprised of bonds borrowing costs of €9.5 million, Group registered office costs of €3.2 million and miscellaneous fees of €1.8 million.

NOTE 4 NET FINANCIAL INCOME (LOSS)

(€ million)	**2020**	**2019**
Charges and interest on debt	(22.3)	(40.0)
Additions/reversals of impairment provisions	(94.6)	0.0
Other financial income and expense	(0.2)	0.3
TOTAL	**(117.1)**	**(39.7)**

In 2020, net financial income principally reflects the financial interest expense on the bonds and the medium-term loan.

At the end of 2020, Fnac Darty valued its equity investments in Fnac Darty Participations et Services (FDPS) and Darty Limited at their value in use. Following the decrease in the Group's average market capitalization in 2020 associated with the fall in the price of Fnac Darty shares, Darty Limited's value in use was less than its book value as of December 31, 2020. As a result, the Company recorded a write-down of €94.6 million on its Darty Limited shares.

Following this impairment, the net book value of the Darty Limited shares is €1,022.1 million.

In 2019, charges and interest on debt also included an €18.7 million expense related to the early redemption premium for the former bonds issue.

NOTE 5 NON-RECURRING INCOME

(€ million)	2020	2019
Exceptional amortization	(5.4)	(5.3)
Other	(2.5)	(1.7)
TOTAL	**(7.9)**	**(7.0)**

In 2020, non-recurring income consisted primarily of exceptional amortization of €5.4 million related to the fiscal amortization of the costs of the Darty acquisition. The other item for €2.5 million consists primarily of costs and fees related to abandoned projects and to recent acquisitions.

NOTE 6 INCOME TAX

(€ million)	2020	2019
Tax consolidation gain/loss	55.4	41.8
TOTAL	**55.4**	**41.8**

In 2020, net profit from tax consolidation amounted to €55.4 million, compared to €41.8 million in 2019.

The cumulative total of Fnac Darty tax loss carry-forwards as of December 31, 2020 was €216.9 million.

NOTE 7 NET NON-CURRENT FINANCIAL ASSETS

(€ million)	As of December 31, 2019	Increase	Decrease	As of December 31, 2020
Gross value				
Equity investments	1,955.2			1,955.2
Other non-current financial assets				
Daphni stake	5.0	0.4		5.4
Treasury stock	4.0	4.0	(4.7)	3.3
GROSS VALUE	**1,964.2**	**4.4**	**(4.7)**	**1,963.9**
Impairment				
Equity investments	0.0		(94.6)	(94.6)
IMPAIRMENT	**0.0**	**0.0**	**(94.6)**	**(94.6)**
NET VALUES	**1,964.2**	**4.4**	**(99.3)**	**1,869.3**

Equity investments

As of December 31, 2020, Fnac Darty held:

- 46,421,807 shares of FDPS (Fnac Darty Participations et Services) out of 46,421,808 shares for a gross value of €838.4 million;
- 31,000 shares of Fnac Luxembourg, out of a total of 31,000 shares, for a gross value of €0.031 million; and
- 529,553,216 shares of Darty Limited out of 529,553,216 shares for a gross value of €1,116.8 million and a net value of €1,022.1 million.

At period-end, the Company values its equity investments in Fnac Darty Participations et Services (FDPS) and Darty Limited at their value-in-use. The value-in-use is determined on the basis of the observed market capitalization of the Fnac Darty share over a given period, weighted by the objective of the analysts' consensus. By applying economic criteria, this value-in-use can be allocated between the two subsidiaries. This valuation takes the Company's debt into account. When this value is lower than the book value, an impairment is recorded for the amount of this difference.

In 2020, the Company recorded a write-down of €94.6 million on its Darty Limited shares, bringing their net value down to €1,022.1 million.

These equity investments are consolidated.

Other non-current financial assets

As of December 31, 2020, other non-current financial assets consisted of an equity interest in the Daphni Purple investment fund for €5.4 million, corresponding to a first drawdown of 77% out of a total commitment of €7.0 million. Fnac Darty has agreed to subscribe for the remaining 23% of shares for €1.6 million by 2026.

Treasury stock is recorded as non-current financial assets and represents an asset of €3.3 million as of December 31, 2020, compared to €4.0 million as of December 31, 2019. In 2020, under the liquidity agreement, 511,656 shares were purchased at an average price of €38.18 for a total amount of €19,537,131, and 522,396 shares were sold at an average price of €38.35 for a total of €20,032,615.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2020, Fnac Darty had no property, plant and equipment or intangible assets.

NOTE 9 RECEIVABLES

(€ million)	As of December 31, 2020	As of December 31, 2019
Tax consolidation current accounts	10.1	0.0
Current accounts of subsidiary	332.1	354.8
State – income tax	1.7	13.3
Group customers	3.9	7.1
Other receivables	1.6	2.0
Deferred expenses	5.2	5.2
TOTAL	**354.6**	**382.4**

As of December 31, 2020, the tax consolidation current account had a debit balance of €10.1 million. In 2019, the tax consolidation current account had a credit balance of €8.3 million, corresponding to the excess of payments made by the subsidiaries in respect of tax consolidation.

The negative current account balance of €332.1 million corresponds to a current account debt to the Fnac Darty Participations et Services subsidiary.

Receivables from the Group, which amount to €3.9 million, consist of receivables from the Fnac Darty Participations et Services subsidiary and from Group companies internationally.

As of December 31, 2020, the other receivables of €1.6 million relate to the equity interest in the Daphni Purple investment fund.

Prepaid expenses in the amount of €5.2 million primarily reflect the fees and commissions paid in connection with the refinancing of the bonds and the credit facilities granted for Group financing.

NOTE 10 INVESTMENT SECURITIES AND CASH AND CASH EQUIVALENTS

(€ million)	As of December 31, 2020	As of December 31, 2019
Treasury stock	0.0	0.0
Mutual fund (Sicav)	0.0	0.0
Investment securities	**0.0**	**0.0**
Bank deposits and fund transfers	503.6	2.5
Cash and cash equivalents	**503.6**	**2.5**
CASH DEBT	**503.6**	**2.5**

Cash and cash equivalents includes cash received as part of the €500 million state-guaranteed loan that has not been used.

In 2020, investment securities and cash and cash equivalents comprised bank deposits and fund transfers in the amount of €503.6 million, including €2.7 million in cash linked to the liquidity agreement.

In 2019, investment securities and cash and cash equivalents comprised solely of bank deposits and fund transfers in the amount of €2.5 million, including €2.2 million in cash linked to the liquidity agreement.

NOTE 11 SHAREHOLDERS' EQUITY

(€ million)	As of December 31, 2020	As of December 31, 2019
Share capital	26.6	26.5
Additional paid-in capital	971.2	971.3
TOTAL SHARE CAPITAL AND PREMIUMS	**997.8**	**997.8**
Legal reserve	2.6	2.6
Regulated reserves	0.0	0.0
Other reserves	0.0	0.0
TOTAL RESERVES	**2.6**	**2.6**
Retained earnings	302.4	311.4
Regulatory provisions	25.2	19.9
Net profit (loss) for the period	(73.0)	(9.0)
TOTAL SHAREHOLDERS' EQUITY	**1,255.0**	**1,322.7**

Over the course of 2020, the increase in share capital of €0.1 million resulted from the creation of 92,999 shares, corresponding to the allotment of bonus shares and performance stock options.

Over the course of 2019, a number of transactions affected the share capital:

- a share capital decrease of €0.3 million corresponding to the cancellation of 296,750 shares under the share buyback program;
- a share capital increase of €0.1 million linked to the creation of 110,937 shares under the employee stock ownership plan; and
- a share capital increase of €0.1 million corresponding to the allotments of bonus shares and performance stock options.

Over the course of 2020, the €0.1 million decrease in the additional paid-in capital item corresponds to the decrease in capital associated with the allotment of bonus shares and performance stock options.

Over the course of 2019, the net decrease of €13.1 million in additional paid-in capital corresponds to the decrease in capital linked to the share buyback program for €20.0 million, offset by the €5.7 million increase linked to the employee stock ownership plan (net of issue fees) and by the €1.2 million increase corresponding to the allotments of bonus shares and performance stock options.

The change in reserves and retained earnings corresponds to the appropriation of Fnac Darty's 2019 earnings.

The regulatory provisions represent the exceptional fiscal amortization of the costs for the Darty acquisition, for a total of €25.3 million as of December 31, 2020.

NOTE 12 FINANCIAL DEBT

As of December 31, 2020, Fnac Darty's financial debt comprised four components:

- **bonds:** on May 15, 2019, Fnac Darty completed the transaction to renegotiate its bonds issue after successfully refinancing its 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 proceeds from the issue were used to repay in full the €650 million in outstanding senior bonds at 3.25% maturing in 2023;
- **state-guaranteed 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;
- **medium-term loan:** a drawdown of €200 million on a medium-term loan (Senior Term Loan Facility) was made in 2016 and appears on the Fnac Darty balance sheet, amortizable from April 2021 onwards;
- **loan agreement with the European Investment Bank:** on February 18, 2019, Fnac Darty announced the signing of a loan agreement in the amount of €100 million with the European Investment Bank (EIB). Issued under the "Juncker Plan," this loan will be used to finance the Group's digital transformation investments. This financing has a maximum maturity of nine years, under very attractive terms. As of December 31, 2020, €100 million of the EIB credit line had been used; and
- **negotiable debt instruments:** Fnac Darty also implemented a program of short-term negotiable debt instruments in 2018, designed to replace the drawdowns on the revolving credit facility for the Group's seasonal financing needs. This program, which has a ceiling of €400 million, consists of issues that are executed on the short-term debt market and have a maximum maturity of one year. As of December 31, 2020, this program had not been used.

	As of December 31, 2020			
(€ million)	Total	Less than one year	1 to 5 years	More than 5 years
Bonds	651.3	1.3	300.0	350.0
State-guaranteed loan	500.0	500.0		
Medium-term credit facility	200.0	50.0	150.0	
European Investment Bank loan	100.0		50.1	49.9
FINANCIAL DEBT	**1,451.3**	**551.3**	**500.1**	**399.9**

The drawdowns under the Loan Agreement (Senior Term Loan Facility) bear interest at a rate equal to the sum of the Euribor reference rate for the period and a margin that can be adjusted based on the Group's rating. Based on the BB/Ba2 rating obtained by the Group in September 2016, the applicable margin is 1.70% for the medium-term loan.

The bonds bear annual interest at 1.875% and 2.625% and are redeemable in 2024 and 2026 respectively (High Yield Bonds). Interest is payable half-yearly. The High Yield Bonds are listed for trading on the Global Exchange Market of the Irish Stock Exchange.

These bonds are redeemable in whole or in part at any time until May 30, 2021 for the 2024 bonds and until May 30, 2022 for the 2026 bonds, at a price equal to the amount of the nominal value plus an early repayment premium and accrued interest not yet due. From May 30, 2021 for the 2024 bonds and May 30, 2022 for the 2026 bonds, they will be redeemed in whole or in part for the values shown in the table below:

2024 Bonds

Redemption period commencing:	Redemption price *(as % of the principal)*
May 30, 2021	100.9375%
May 30, 2022	100.4688%
May 30, 2023 and beyond	100.0000%

2026 Bonds

Redemption period commencing:	Redemption price *(as % of the principal)*
May 30, 2022	101.3125%
May 30, 2023	100.6563%
May 30, 2024 and beyond	100.0000%

The redemption premiums will be amortized over the life of the loan as applicable.

NOTE 13 OTHER DEBTS

(€ million)	As of December 31, 2020	As of December 31, 2019
Tax consolidation current accounts	0.0	8.3
Tax and social security liabilities	9.9	4.9
Other liabilities	11.3	11.9
TOTAL	**21.2**	**25.1**

As of December 31, 2020, the other liabilities consist of Group royalties invoiced by FDPS, indirect suppliers, Fnac Darty's commitment of €1.6 million in the context of its stake in the Daphni Purple fund and interest not yet due on lines of credit in the amount of €2.1 million.

In 2019, the tax consolidation current account had a credit balance of €8.3 million, corresponding to the excess of payments made by the subsidiaries in respect of tax consolidation.

NOTE 14 OFF-BALANCE SHEET COMMITMENTS

Retirement benefits

The Company applies the option provided by ANC Recommendation 2013-02 to recognize all retirement and similar commitments as off-balance sheet commitments. The amount of the retirement benefits was €1.6 million as of December 31, 2020, and €1.4 million as of December 31, 2019.

The main actuarial assumptions used to estimate the retirement commitments of Fnac Darty are as follows:

	2020	2019
Discount rate	0.55%	0.80%
Expected rate of increase in salaries	1.50%	1.50%

Other commitments

The maturity of the Senior Credit Facility in the amount of €600 million, initially 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 from the fifty-fourth month, compared to the thirtieth month initially, following the renegotiation conducted in 2018;
- a revolving credit facility (Revolving Facility) in the amount of €400 million to finance fluctuations in cash flows related to the seasonal nature of its business.

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.

Furthermore, the senior bonds issued on September 22, 2016 for an amount of €650 million, with a maturity of seven 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 repay in full the €650 million in outstanding senior bonds at 3.25% maturing in 2023.

In order to secure these financing lines obtained by Fnac Darty SA, the following Group companies 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.

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 loan is not covered by the subsidiaries' guarantee.

It should also be noted that the revolving credit facility for €400 million was not drawn as of December 31, 2020 and thus represents an off-balance sheet commitment received.

NOTE 15 CASH FLOW STATEMENT

(€ million)	**2020**	**2019**
Net income	(73.0)	(9.0)
Income and expense with no impact on cash	99.9	5.3
CASH FLOW	**26.9**	**(3.7)**
Change in working capital requirements	21.1	(82.9)
CHANGE IN CASH FLOW FROM OPERATING ACTIVITIES	**48.0**	**(86.6)**
(Acquisitions)/Disposals of non-current operating assets	0.0	0.0
Change in non-current financial assets	0.3	(5.4)
CHANGE IN CASH FLOW FROM INVESTING ACTIVITIES	**0.3**	**(5.4)**
Net change in financial debt	452.7	101.8
Change in shareholders' equity	0.0	(13.2)
Dividends paid	0.0	0.0
CHANGE IN CASH FLOW FROM FINANCING ACTIVITIES	**452.7**	**88.6**
CHANGE IN CASH POSITION	**501.1**	**(3.4)**
CASH AT BEGINNING OF PERIOD	**2.5**	**5.9**
CASH AT END OF PERIOD	**503.6**	**2.5**

In 2020, the net change in the cash position represented an improvement of €501.1 million. This improvement is primarily linked to:

- the improvement in the change in cash position resulting from operating activities in the amount of €48.0 million, which was due to:
  - cash flow from operations of €26.9 million, an improvement compared to 2019 (one-off expense of €18.7 million in 2019 linked to the early repayment premium for the former bonds issue),
  - a decrease in the current account receivable to the Fnac Darty Participations et Services subsidiary in the amount of €22.8 million;
- the improvement in the change in cash position resulting from investing activities in the amount of €0.3 million was linked to the €0.7 million change in treasury shares, partially offset by a €0.4 million call for funds by Daphni Purple;
- the improvement in the change in cash position resulting from financing activities in the amount of €452.7 million is mainly due to the provisioning of €500 million in stated-guaranteed loan funds, partially offset by the repayment of negotiable debt securities in the amount of €50.0 million.

In 2019, the net change in the cash position represented a decline of €3.4 million. This decline was primarily linked to:

- the decline in the change in cash position resulting from operating activities in the amount of €86.6 million is primarily due to the €85.9 million increase in the current account receivable to the Fnac Darty Participations et Services subsidiary;
- the decline in the change in cash position resulting from investing activities in the amount of €5.4 million, which is due to the two Daphni Purple calls for €1.4 million, and the reclassification of treasury stock under non-current financial assets in the amount of €4.0 million; and
- the improvement in the change in cash position resulting from financing activities in the amount of €88.6 million is primarily due to the provisioning of funds under the €100 million loan agreement concluded with the European Investment Bank. The €13.2 million net decrease in shareholders' equity is linked to the cancellation of 296,750 shares as part of the treasury share buyback program carried out by the Group in 2019 for a total of €20.3 million, partially offset by capital increases resulting from the Employee Stock Ownership Plan for €5.8 million and the settlement of performance stock option plans for €1.3 million.

NOTE 16 OTHER INFORMATION

16.1 / Compensation paid to the Chairman of the Board of Directors

In 2020, the gross amount paid to Jacques Veyrat, Chairman of the Board of Directors, for his duties during 2020 amounted to €193,033.

This payment consists of fixed annual compensation only, as the Chairman of the Board stopped receiving compensation in respect of his directorship as of the date of his appointment as Chairman.

In accordance with the decision of the Board of Directors of April 18, 2020, communicated at the Annual General Shareholders' Meeting of May 28, 2020, the fixed annual compensation paid in 2020 was reduced by 25% for the period during which the Group's employees were consistently on short-time working arrangements.

16.2 / Compensation paid to the Chief Executive Officer

In 2020, the gross amount paid to Enrique Martinez, Chief Executive Officer, for his current duties, including benefits in kind, other benefits and supplementary pension scheme contributions, amounted to €1,423,300, of which €723,873 represented his fixed annual compensation, €660,461 represented his 2019 variable annual remuneration following approval by the General Meeting of May 28, 2020, €17,953 represented benefits in kind and other benefits, €11,325 represented supplementary pension scheme contributions and €9,688 represented provident insurance plan contributions.

The Chief Executive Officer does not receive any compensation in respect of his directorship.

In accordance with the decision of the Board of Directors of April 18, 2020, communicated at the Annual General Shareholders' Meeting of May 28, 2020, the fixed annual compensation paid in 2020 was reduced by 25% for the period during which the Group's employees were consistently on short-time working arrangements. Similarly, the annual variable compensation paid in 2020 for 2019 was reduced by the same proportion.

16.3 / Average number of employees

In 2020, the average number of employees of Fnac Darty was 11.

16.4 / Related-party transactions

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.

16.5 / Supplier and customer payment schedules

(€ million)	Invoices received, not paid and due at period-end							Invoices issued, not paid and due at period-end						
	Invoices not yet due	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over	Invoices not yet due	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over
A) Late payment tranches														
Number of invoices concerned	27	0					1	8	0					0
Total inc. tax of invoices concerned	3.8	0.0	0.0	0.0	0.0	0.0	0.0	3.9	0.0	0.0	0.0	0.0	0.0	0.0
Fnac Darty	*3.5*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*3.9*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Percentage of total inc. tax for purchases for the period	40.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							
Percentage of revenues inc. tax for the period								30.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
B) Invoices excluded from A) for disputed or unrecognized payables and receivables														
Number of invoices excluded	6							None						
Total inc. tax of invoices excluded – invoices not arrived	0.6							None						
C) Reference payment deadlines used (contractual or legal period – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)														
Payment deadlines used to calculate late payments	Contractual deadlines: general expenses = 45 days end of month Contractual deadlines: Group invoices = 25th of the following month Legal deadlines: 60 days from invoice date							Contractual deadlines: Group invoices = 25th of the following month Legal deadlines: 60 days from invoice date						

NOTE 17 INFORMATION ON POST-BALANCE SHEET EVENTS

Given the strength of its business model, Fnac Darty will propose to the General Meeting on May 27, 2021 to reactivate 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 18 TABLE OF SUBSIDIARIES AND SHAREHOLDINGS

(€ million)	Share capital	Shareholders' equity excluding capital & income	Share of capital held	Book value of securities held – Gross	Book value of securities held – Net	Loans made by Fnac Darty not yet repaid	Guarantees and endorsements given by Fnac Darty	Revenues before tax of previous period	Profit or (loss) for last period ended	Dividends received by Fnac Darty during the period
Subsidiaries owned at +50%										
Fnac Darty Participations et Services	325.0	368.4	99.99%	838.4	838.4	332.1	0.0	4,129.5	(39.5)	0.0
Darty Limited	147.3	(16.8)	100%	1,116.8	1,022.1	0.0	0.0	0.0	358.7	0.0
Fnac Luxembourg SA	0.03	(0.5)	100%	0.0	0.0	0.0	0.0	5.3	(1.7)	0.0

NOTE 19 FIVE-YEAR RESULTS

Five-year results	2020	2019	2018	2017	2016
CAPITAL AT PERIOD-END					
Share capital *(€)*	26,608,571.0	26,515,572.0	26,605,439.0	26,658,135.0	26,122,771.0
Number of ordinary shares outstanding	26,608,571	26,515,572	26,605,439	26,658,135	26,122,771
Transactions and results for the period *(€ thousand)*					
Income from ordinary operating activities	10,490.3	18,626.7	18,117.8	16,873.2	20,311.4
Earnings before tax, employee profit-sharing, amortization, depreciation and provisions	(28,463.8)	(45,482.6)	(55,170.5)	(31,883.5)	(54,961.5)
Employee profit-sharing payable for the period	(7.7)	(5.3)	(16.1)	(13.3)	(10.0)
Income tax (expense)/credit	55,411.5	41,826.7	43,193.2	27,369.0	33,162.1
Earnings after tax, employee profit-sharing, and amortization, depreciation and provisions	(73,078.6)	(8,992.9)	(17,422.9)	(10,053.8)	138,832.0
Distributed earnings	0.0	0.0	0.0	0.0	0.0
DATA PER SHARE *(€)*					
Earnings after tax, employee profit-sharing, and before amortization, depreciation and provisions	1.01	(0.14)	(0.45)	(0.17)	(0.83)
Earnings after tax, employee profit-sharing, and amortization, depreciation and provisions	(2.75)	(0.34)	(0.65)	(0.38)	5.31
Dividend:					
net dividend per share	0.0	0.0	0.0	0.0	0.0
EMPLOYEES					
Average number of employees during the period	11.0	9.0	10.0	11.0	11.0
Total payroll for the year *(€ thousand)*	4,241.9	4,653.4	3,793.2	8,737.3	14,879.5
Amount paid for employee benefits for the period *(€ thousand)*	1,941.8	2,065.3	2,507.3	3,416.5	4,002.2

5.5 / Material change in financial or commercial positions

To the best of Fnac Darty's knowledge, no event likely to have a material influence on Fnac Darty's activity, financial position and net assets has occurred since December 31, 2020.

5.6 / Auditors' Report on the consolidated financial statements

Year ended December 31, 2020

To the General Meeting of FNAC DARTY S.A.,

Opinion

In execution of the mission assigned to us by the General Meetings, we have audited the FNAC DARTY S.A. consolidated financial statements for the year ended December 31, 2020, as attached to this report.

We hereby certify that the consolidated financial statements present a true and fair view of the results of the operations for the past year and of the financial position and net assets at period-end of the group formed by the persons and entities included in the consolidation in accordance with IFRS guidelines as adopted in the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our responsibilities under these standards are set forth in the section "Responsibilities of the Auditor for auditing the consolidated financial statements" contained in this report.

Independence

We conducted our audit in compliance with the applicable rules on independence set out in the French Commercial Code and the Code of Ethics of the auditing profession, over the period from January 1, 2020 to the date we issued our report, and specifically we provided no services prohibited by Article 5, Section 1 of Regulation (EU) 537/2014.

Observation

In due respect of the opinion expressed above, we wish to draw your attention to note 2.2.2 "Standards, amendments and interpretations adopted by the European Union and mandatory for reporting periods beginning on or after January 1, 2020" and 2.8 "Property, plant and equipment" of the Notes to the consolidated financial statements, which set out the procedures used and the implications of the first application, in the financial statements for the period ended December 31, 2020, of the IFRS IC Decision relating to IFRS 16 – Leases, as well as the amendment to IFRS 16 on Covid-19-related rent concessions.

Justification of the assessments – Key points of the audit

The global crisis relating to the Covid-19 pandemic entails special conditions for the preparation and audit of this year's financial statements. Indeed, this crisis and the exceptional measures taken as part of the state of health emergency have many consequences for companies, particularly on their activity and their financing, as well as increased uncertainties regarding their future prospects. A number of these measures, such as travel restrictions and remote working, have also had an impact on the internal organization of companies and on the way audits are conducted.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the justification of our assessments, we are hereby informing you of the key points of the audit relating to material risks of anomalies which, in our professional judgment, were the most important for the audit of the consolidated financial statements, and our responses to these risks.

The assessments made are part of our process of auditing the consolidated financial statements as a whole and thus contributed to our opinion as expressed above. We are expressing no opinion on elements of these consolidated financial statements taken in isolation.

Valuation and recognition of discounts and commercial cooperation received and to be received from suppliers

(Notes 2.3.2 and 2.19 of the Notes to the consolidated financial statements)

Risk identified	Audit response provided
Within the Group, there is a large number of purchasing contracts and agreements with suppliers that stipulate: ■ commercial discounts given to the Group based on quantities purchased or other contractual conditions, such as reaching thresholds or growth in purchasing volumes ("discounts"); ■ amounts paid to the Group in respect of services to suppliers ("commercial cooperation"); ■ discounts and commercial cooperation received and to be received by the Group from its suppliers are valued on the basis of contracts signed with suppliers. These are recognized as a reduction in the cost of sales. Given the large number of contracts and the features specific to each supplier, the correct valuation and recognition of discounts and commercial cooperation to be received with respect to contractual provisions and annual purchasing volumes constitute a key point of the audit.	We were informed of the internal control process and key controls established by the Group concerning the process to value and recognize discounts and commercial cooperation, and tested their effectiveness on a sampling of contracts. Our other work, involving surveys, consisted of: ■ reconciling the commercial terms used in the calculation of discounts and commercial cooperation with the conditions stipulated in the purchasing contracts and agreements with suppliers; ■ comparing the estimates made of discount and commercial cooperation amounts for the previous year with the corresponding actual data in order to assess the reliability of the estimation process; ■ corroborating the volumes of business chosen with the volumes of business recorded in the Group's purchasing information systems to calculate the expected amount of discounts; ■ obtaining evidence of the completion of the services rendered as of December 31, 2020; ■ obtaining evidence of payment for amounts already collected as of December 31, 2020.

Valuation of the Darty and Vanden Borre brands

(Notes 2.3.2, 2.7, 2.10, 16 and 19 of the Notes to the consolidated financial statements)

Risk identified	Audit response provided
The Darty and Vanden Borre brands are recognized for a net amount of €287.5 million and €35.3 million respectively. They were valued using the relief from royalty method (for royalties received from franchisees for use of the brand) by an independent expert, for the purpose of allocating the Darty purchase price in 2016. During each fiscal year, when events or circumstances indicate that impairment is likely to occur, management ensures that the net book value of these brands is not greater than their recoverable value. The recoverable value of the brands is their fair value minus exit costs or their value-in-use, whichever is higher. The recoverable value of the brands was determined on the basis of their value-in-use, 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 recoverable value, a terminal value equal to capitalization in perpetuity of a normative saving is added to the value of the expected future savings. In this context, we considered the measurement of the recoverable value and specifically the calculation of the recoverable value of the Darty and Vanden Borre brands to be a key point of the audit because of their particularly material amount on the balance sheet assets as of December 31, 2020, uncertainties related to the probability of achieving the budgets and medium-term plans used as the basis for projections of flows of future royalty savings used in the measurement of their recoverable value, and sensitivity to changes in the data and assumptions on which the estimates were based.	We were informed of the process implemented by management in order to determine the value-in-use of the Darty and Vanden Borre brands. Our work consisted of: ■ assessing the relevance of the principles and method for determining values-in-use in terms of market practices used to value brands; ■ assessing the consistency of the projected revenue growth rates with available outside analyses, and in the context of the health crisis in 2020; ■ assessing the royalty rates applied to the brands in calculating value based on future revenues; ■ assessing the reasonable nature of the discount rates applied to the estimated royalty flows, specifically by verifying that the various parameters comprising the weighted average cost of capital for each brand can approach the rate of return expected by market participants for similar activities; ■ performing sensitivity tests on the various assumptions. We also assessed the appropriateness of the information presented in Note 19 of the Notes to the consolidated financial statements.

Recoverable value of goodwill allocated to the France cash generating unit (CGU)

(Notes 2.3.2, 2.6, 2.10, 15 and 19 of the Notes to the consolidated financial statements)

Risk identified	Audit response provided
CGUs containing goodwill are subject to a systematic annual impairment test in the second half of the year and whenever events or circumstances indicate that a loss of value may occur. If the recoverable value of a CGU is lower than its net book value, an impairment is recognized. The recoverable value of a CGU is its fair value less exit costs or its value-in-use, whichever is higher. Value-in-use is determined in relation to projections of the expected future cash flows of a CGU, taking into account the time value and specific risks related to the CGU. 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. As of December 31, 2020, the net book value of the goodwill allocated to the France CGU was €1,512.9 million. We considered the measurement of the recoverable value of the goodwill allocated to the France CGU to be a key point of the audit because of its weight in total assets as of December 31, 2020, uncertainties related to the probability of achieving the projected future cash flows used in the measurement of the value-in-use, and sensitivity to changes in the financial data and assumptions used.	We were informed of the process implemented by management to determine the recoverable value of the goodwill allocated to the France CGU. Our work consisted of: ■ verifying the items comprising the net asset value of the France CGU to which the goodwill is attached; ■ ensuring that the principles and methods for determining the recoverable value of the France CGU are consistent with IAS 36; ■ assessing the reasonableness of the cash-flow projections for the France CGU in terms of management's assumptions and the economic environment in which the Group operates in France, in the context of the health crisis in 2020; ■ assessing the consistency of the growth rate used for projected flows for calculating the terminal value with information from available outside analyses and with the help of our specialists; ■ assessing the reasonableness of the discount rate applied to the cash flows, estimated with the help of our specialists, by specifically verifying that the various parameters comprising the weighted average cost of capital of the France CGU approaches the rate of return expected by market participants for similar activities; ■ comparing the accounting estimates of cash flow projections from previous periods with the corresponding actual data in order to assess reliability; ■ performing sensitivity tests on the various assumptions. We also assessed the appropriateness of the information presented in Note 19 to the consolidated financial statements.

Determination of lease terms pursuant to IFRS 16 in accordance with the IFRIC decision on the determination of the lease term of contracts, in particular the determination of the enforceable term and the useful life of non-removable leasehold improvements

(Notes 2.2.2, 2.3.2, 2.8, and 18 of the Notes to the consolidated financial statements)

<table>
<tr><th>Risk identified</th><th>Audit response provided</th></tr>
<tr><td>
The Group has applied the new IFRS 16 standard on lease agreements since January 1, 2019.
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 recognition as of January 1, 2019 of additional debt of €163 million, which brings debt as of December 31, 2019 to €1,179.3 million with no material impact on the income statement, mainly related 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.

The review work consisted of analyzing the lease term for each contract in light of economic and strategic criteria, such as:

profitability of stores;
quality of locations;
the period of depreciation of leasehold improvements.

We considered the initial application of the IFRS IC decision on lease terms as a key point of the audit, given the high volume of leases to be analyzed, the material nature of the re-assessment of the financial debt and the rights of use in the financial statements, as well as the high degree of judgment on the part of senior management in determining the criteria used for leasing.
</td><td>
Our audit procedures consisted primarily of:

assessing, by comparison with the 2019 property lease bases, whether the identification of leases considered during the review work is consistent with the scope of the IFRS IC decision;
corroborating, specifically via interviews with senior management, the analysis of the criteria used to re-assess the lease terms of property leases with the analysis of the documentation available on the Group's strategy, as well as the reasonable nature of the main contractual and economic data and assumptions used;
testing, via sampling, the consistency and concordance of the underlying data for the criteria used by senior management when re-assessing the lease terms.

We also assessed the appropriateness of the information provided in Note 2.8 Property, plant and equipment to the consolidated financial statements."
</td></tr>
</table>

Specific verifications

Consistent with professional standards applicable in France, we also performed the specific verifications required by the legal and regulatory texts of information relating to group data in the Board of Directors' Management Report.

We have no observations to make on its fair presentation and its consistency with the consolidated financial statements.

We certify that the declaration on the consolidated non-financial performance provided for by Article L. 225-102-1 of the French Commercial Code is included in the information relating to the Group given in the Management Report, on the understanding that, pursuant to the provisions of Article L. 823-10 of the said Code, we have not verified the fairness or consistency of the information contained in this report with the consolidated financial statements, and that it must be the subject of a report by an independent third party.

Other verifications or information required by laws and regulations

Format of the consolidated financial statements intended for inclusion in the annual financial report

In line with the professional standard on due diligence of statutory auditors in relation to annual and consolidated financial statements presented in accordance with the Single European Electronic Reporting Format, we have also verified compliance with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018, in the presentation of the consolidated financial statements intended for inclusion in the annual financial report referred to in Section I of Article L. 451-1-2 of the French Monetary and Financial Code, established under the responsibility of the chief executive officer. With regard to the consolidated financial statements, our work includes verifying that the mark-up of these financial statements complies with the format set out in the above-mentioned regulation.

Based on our work, we conclude that in all material respects, the presentation of the consolidated financial statements for inclusion in the annual financial report complies with the Single European Electronic Reporting Format.

It is not our responsibility to verify that the consolidated financial statements which will effectively be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Auditors

Deloitte & Associés was appointed auditor of Fnac Darty S.A. by the General Meeting of June 22, 1993, and KPMG Audit, a division of KPMG S.A., was appointed at the General Meeting of April 17, 2013.

As of December 31, 2020, the two firms were in the eighth year of their appointment since the Company's shares had been listed for trading on a regulated market. Deloitte & Associés is in the twenty-eighth year of its appointment without interruption, and KPMG S.A. in its eighth year.

Responsibilities of management and the individuals comprising corporate governance for the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that present a fair image, in accordance with IFRS guidelines as adopted in the European Union, and to implement the internal controls it believes necessary for the preparation of consolidated financial statements containing no material anomalies, whether as a result of fraud or errors.

During preparation of the consolidated financial statements, it is management's responsibility to assess the Company's ability to continue operations, to present in these statements any information concerning operating as a going concern, and to apply the going concern accounting principle, unless it is planned to liquidate the Company or cease operations.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and to monitor the effectiveness of the internal control and risk management systems and, if applicable, the internal audit system, with regard to the procedures for preparing and processing the accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Auditor for auditing the consolidated financial statements

Audit purpose and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that the consolidated financial statements, considered in their entirety, contain no material anomalies. Reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will systematically detect any material anomaly. Anomalies may result from fraud or error and are considered material when one can reasonably expect that, individually or together, they could influence the economic decisions made by users of the financial statements based on those statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist of guaranteeing the viability or quality of your Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit. Moreover:

- the auditor identifies and measures the risks that the consolidated financial statements contain material anomalies, whether as a result of fraud or error, defines and implements audit procedures in light of these risks, and collects information deemed sufficient and appropriate on which to base an opinion. The risk of failure to detect a material anomaly resulting from fraud is greater than the risk of failure to detect a material anomaly resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or bypassing of internal controls;
- the auditor reviews the internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal controls;
- the auditor assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as information on these elements provided in the consolidated financial statements;
- the auditor assesses the appropriateness of management's application of the going concern accounting convention and, based on information collected, the existence or absence of material uncertainty related to events or circumstances that could call into question the Company's ability to continue operations. This assessment is based on information collected up to the date of the auditor's report; it is, however, noted that subsequent circumstances or events could call into question the Company operating as a going concern. If the auditor concludes that a material uncertainty exists, he calls the attention of readers of the audit report to information provided in the consolidated financial statements concerning this uncertainty or, if this information is not provided or is not pertinent, the auditor certifies with reservations or refuses to certify the financial statements;
- the auditor assesses the overall presentation of the consolidated financial statements and evaluates whether they reflect and provide a fair picture of the underlying transactions and events;
- for financial information on persons or entities included within the scope of consolidation, the auditor collects information believed to be sufficient and appropriate in order to express an opinion on the consolidated financial statements. The auditor is responsible for the management, supervision and completion of the audit of the consolidated financial statements and for the opinion on those statements.

Report to the Audit Committee

We are submitting a report to the Audit Committee specifically describing the scope of the audit work and the work conducted, as well as the conclusions arising from our work. We are also informing the Committee of any significant weaknesses in the internal controls we have identified in the procedures for preparing and processing the accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material anomalies which we believe were the most important for the audit of the annual consolidated financial statements and which therefore constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the declaration stipulated by Article 6 of Regulation (EU) 537-2014 confirming our independence, under the rules applicable in France specifically as established by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for the auditing profession. As necessary, we discuss with the Audit Committee any risks impacting our independence and the safeguards taken.

Paris-La Défense, March 18, 2021

Statutory Auditors

Deloitte & Associés	KPMG Audit
	A department of KPMG S.A.
Guillaume Crunelle	Éric Ropert
Partner	*Partner*

5.7 / Auditors' Report on the annual financial statements

Year ended December 31, 2020

To the General Meeting of FNAC DARTY S.A.,

Opinion

In execution of the mission assigned to us by the General Meetings, we have audited the FNAC DARTY S.A. annual financial statements for the year ended December 31, 2020, as attached to this report.

We hereby certify that the annual financial statements present a true and fair view of the results of the operations for the past year and of the financial position and net assets of the Company at year-end in accordance with French accounting rules and principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our responsibilities under these standards are set forth in the section "Auditors' responsibilities for the audit of the annual financial statements" contained in this report.

Independence

We conducted our audit in compliance with the applicable rules on independence set out in the French Commercial Code and the Code of Ethics of the auditing profession, over the period from January 1, 2020 to the date we issued our report, and specifically we provided no services prohibited by Article 5, Section 1 of Regulation (EU) 537/2014.

Justification of the assessments – Key points of the audit

The global crisis relating to the Covid-19 pandemic entails special conditions for the preparation and audit of this year's financial statements. Indeed, this crisis and the exceptional measures taken as part of the state of health emergency have many consequences for companies, particularly on their activity and their financing, as well as increased uncertainties regarding their future prospects. A number of these measures, such as travel restrictions and remote working, have also had an impact on the internal organization of companies and on the way audits are conducted.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code regarding the justification of our assessments, we are hereby informing you of the key points of the audit relating to material risks of anomalies which, in our professional judgment, were the most important for the audit of the annual financial statements, and our responses to these risks.

The assessments made are part of our process of auditing the annual financial statements as a whole and thus contributed to our opinion as expressed above. We are expressing no opinion on elements of these annual financial statements taken in isolation.

Valuation of equity investments

(Notes 2.1 "Non-current financial assets", 7 "Net non-current financial assets" and 18 "Table of subsidiaries and shareholdings" in the notes to the annual financial statements)

Risk identified	Audit response provided
As of December 31, 2020, equity investments are recorded on the balance sheet at a net book value of €1,860.6 million, or 68.21% of total assets, of which Fnac Darty Participations et Services stocks for €838.4 million and Darty Limited stocks for €1,022.1 million. On the entry date, they are recognized at acquisition cost, including related costs and fees. At period-end, the gross value of equity investments is compared to their value-in-use. The value-in-use of the equity investments of Fnac Darty Participations et Services and Darty Limited is determined on the basis of observation of Fnac Darty's market capitalization over a given period, weighted by the consensus objective agreed by analysts. By applying economic criteria, this value-in-use can be allocated between the two subsidiaries. This valuation takes the Company's debt into account. When this value is lower than the acquisition cost of the securities, an impairment is recorded for the amount of this difference. Estimating the value-in-use of equity investments requires a substantial amount of judgment on the part of management, in particular to determine and allocate this value-in-use between the two subsidiaries. Taking into account the weight of equity interests on the balance sheet and in the model used, we considered the accurate measurement of the value in use of the equity interests to be a key point of our audit.	In order to assess the reasonableness of the estimated value-in-use of the equity investments and their allocation between the subsidiaries of Fnac Darty Participations et Services and Darty Limited, based on the information provided to us, our work consisted primarily of: ■ verifying that the estimate of the value-in-use determined by management is based on an appropriate justification of the valuation method and the data used; ■ recalculating this value-in-use by our valuation experts; ■ verifying the consistency and arithmetical control of how the chosen allocation criteria were distributed between the equity investments of the subsidiaries of Fnac Darty Participations et Services and Darty Limited.

Specific verifications

Consistent with professional standards applicable in France, we also performed the specific verifications required by the legal and regulatory texts in effect.

Information provided in the Management Report and other documents on the financial position and the annual financial statements sent to shareholders

We have no observations to make as to the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors' Management Report, the documents on the financial position, and the annual financial statements sent to shareholders.

We certify the fairness and consistency with the financial statements of the information regarding the payment periods outlined in Article D. 441-6 of the French Commercial Code.

Information on corporate governance

We certify the existence of the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code in the section of the Board of Directors' Management Report on corporate governance.

As regards the information provided pursuant to Article L. 22-10-9 of the French Commercial Code on compensation and benefits paid or awarded to corporate officers and the commitments made to them, we have verified that it is consistent with the financial statements or with the data used to prepare these statements and, as applicable, with the evidence gathered by your Company from companies controlled by your Company that are within the scope of consolidation. On the basis of this work, we certify the accuracy and fairness of this information.

With respect to information on the items which your Company believes could have an impact in the event of a public tender or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code, we verified its consistency with the documents from which the information was drawn and which were provided to us. On the basis of this work, we have no comment to make about this information.

Other information

As required by law, we have made certain that various information on the acquisition of interests and control and the identity of shareholders and voting rights has been provided to you in the Management Report.

Other verifications or information required by laws and regulations

Format of the annual financial statements intended for inclusion in the annual financial report

In line with the professional standard on due diligence of statutory auditors in relation to annual and consolidated financial statements presented in accordance with the Single European Electronic Reporting Format, we have also verified compliance with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018, in the presentation of the annual financial statements intended for inclusion in the annual financial report referred to in Section I of Article L. 451-1-2 of the French Monetary and Financial Code, established under the responsibility of the Chief Executive Officer.

Based on our work, we conclude that in all material respects, the presentation of the annual financial statements for inclusion in the annual financial report complies with the Single European Electronic Reporting Format.

It is not our responsibility to verify that the annual financial statements which will effectively be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Information arising out of other legal and regulatory requirements

Appointment of the Auditors

Deloitte & Associés was appointed auditor of FNAC DARTY S.A. by the General Meeting of June 22, 1993, and KPMG Audit, a division of KPMG S.A., was appointed at the General Meeting of April 17, 2013.

As of December 31, 2020, the two firms were in the eighth year of their appointment since the Company's shares were admitted to trading on a regulated market. Deloitte & Associés is in the twenty-eighth year of its appointment without interruption, and KPMG S.A. in its eighth year.

Responsibilities of management and the individuals comprising corporate governance for the annual financial statements

It is the responsibility of management to prepare annual financial statements that present a fair image, in accordance with French accounting rules and principles, and to implement the internal controls it believes necessary for the preparation of annual financial statements containing no material anomalies, whether as a result of fraud or error.

During preparation of the annual financial statements, it is management's responsibility to assess the Company's ability to continue operations, to present in these statements any information concerning operating as a going concern, and to apply the going concern accounting principle, unless it is planned to liquidate the Company or cease operations.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and to monitor the effectiveness of the internal control and risk management systems and, if applicable, the internal audit system, with regard to the procedures for preparing and processing the accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the Auditor for auditing the annual financial statements

Audit purpose and approach

It is our responsibility to prepare a report on the annual financial statements. Our goal is to obtain reasonable assurance that the annual financial statements, considered in their entirety, contain no material anomalies. Reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will systematically detect any material anomaly. Anomalies may result from fraud or error and are considered material when one can reasonably expect that, individually or together, they could influence the economic decisions made by users of the financial statements based on those statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not consist of guaranteeing the viability or quality of your Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit. Moreover:

- the auditor identifies and measures the risks that the annual financial statements contain material anomalies, whether as a result of fraud or error, defines and implements audit procedures in light of these risks, and collects information deemed sufficient and appropriate on which to base an opinion. The risk of failure to detect a material anomaly resulting from fraud is greater than the risk of failure to detect a material anomaly resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or bypassing of internal controls;
- the auditor reviews the internal controls relevant to the audit in order to define appropriate audit procedures under the circumstances, and not in order to express an opinion on the effectiveness of the internal controls;
- the auditor assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as information on these elements provided in the annual financial statements;
- the auditor assesses the appropriateness of management's application of the going concern accounting convention and, based on information collected, the existence or absence of material uncertainty related to events or circumstances that could call into question the Company's ability to continue operations. This assessment is based on information collected up to the date of the auditor's report; it is, however, noted that subsequent circumstances or events could call into question the Company operating as a going concern. If the auditor concludes that a significant uncertainty exists, he calls the attention of readers of the audit report to information provided in the annual financial statements concerning this uncertainty or, if this information is not provided or is not pertinent, the auditor certifies with reservations or refuses to certify the financial statements;

- the auditor assesses the overall presentation of the annual financial statements and evaluates whether they reflect and provide a fair picture of the underlying transactions and events.

Report to the Audit Committee

We are submitting a report to the Audit Committee specifically describing the scope of the audit work and the work conducted, as well as the conclusions arising from our work. We are also informing the Committee of any significant weaknesses in the internal controls we have identified in the procedures for preparing and processing the accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material anomalies which we believe were the most important for the audit of the annual financial statements and which therefore constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the declaration stipulated by Article 6 of Regulation (EU) 537/2014 confirming our independence, under the rules applicable in France specifically as established by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for the auditing profession. As necessary, we discuss with the Audit Committee any risks impacting our independence and the safeguards taken.

Paris-La Défense, March 18, 2021

Statutory Auditors

Deloitte & Associés	KPMG Audit
	A department of KPMG S.A.
Guillaume Crunelle	Éric Ropert
Partner	*Partner*

6

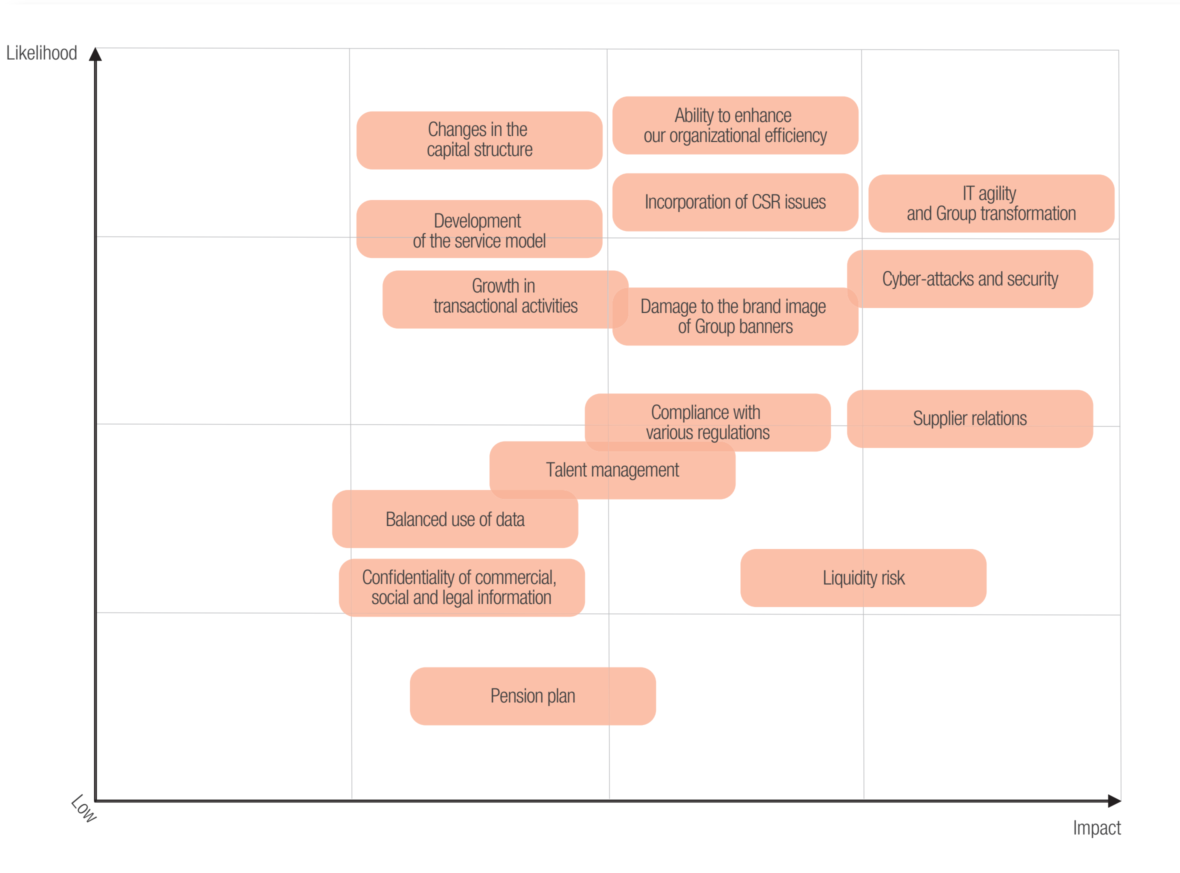
Risk factors and management

6

The Group operates in a constantly changing environment and is therefore exposed to both external and internal risks in developing its activities relating to its strategic plan. Moreover, the Group has conducted a review and assessment of the risks that could potentially have a material adverse impact on its activities, its financial position, its net assets, its income, its ability to achieve its objectives, its image and its reputation. This chapter set outs the main risks identified to which the Group considers itself to be exposed, as well as the internal control and risk management procedures implemented to prevent, manage and mitigate these risks. The risk mapping was presented and approved at the Audit Committee meeting in December.

The most substantial risk factors within each category are presented first. The importance of each risk is calculated as at the date of this document, based on an assessment of the estimated level of impact of the risk and the likelihood of its occurrence.

Main risks identified to which the Group considers itself to be exposed


Likelihood
Changes in the capital structure
Ability to enhance our organizational efficiency
Development of the service model
Incorporation of CSR issues
IT agility and Group transformation
Growth in transactional activities
Damage to the brand image of Group banners
Cyber-attacks and security
Compliance with various regulations
Supplier relations
Talent management
Balanced use of data
Confidentiality of commercial, social and legal information
Liquidity risk
Pension plan
Low
Impact

6.1 / Risks related to changes in the economic model

Against the backdrop of the crisis, Fnac Darty needs to persist with transforming its omnichannel model by continuing to adapt its organization and investing in IT systems and operational resources. Product and service lines must continue to be updated to achieve a better fit with changing consumer behaviors. However, the Group strives to balances its investments so as to maintain the profitability of its economic model, and keeps a close eye on developments and the economic outlook.

Risks related to changes to the economic model – IT agility and Group transformation

Risk identification	Risk management
Fnac Darty's ambition, as expressed through its strategic plan and the multiplication of the Group's growth drivers (its online platforms, Marketplace, development of the franchise, partnerships, etc.), requires the successful transformation of its information systems to enable them to support the Group's transformation and be agile in its various projects. Some applications used by the Group need to be updated to improve the customer experience and strengthen operational continuity during busy periods. There is a lack of standardization across the applications used by the Group's various entities. Moreover, the Group may fail to deliver this transformation successfully, both in terms of its capacity and its speed of execution.	The governance for a three-year master plan was set up in 2018 and updated at the end of 2020. This master plan is sponsored at Executive Committee level in close collaboration with the business lines and its main measures include: ■ the monthly monitoring of key issues and investment strategies at Executive Committee level; ■ the rollout of agile development, particularly in the Digital Factory project, aims to create omnichannel and omni-brand IT functionality in France. The creation of combined IT and business teams to help improve the efficiency of production launches and to mitigate the associated risks; ■ the insourcing of key IT resources, enabling control of core business components over time and facilitating the success of the plan to converge the Fnac and Darty IT systems; ■ strengthening the continuity of service arrangements for the most critical applications in place, including handling the obsolescence of end-of-life applications; ■ the use of public cloud resources to provide faster support for new business strategies (subscription, CRM, data sharing & advertising, ramp-up of online sales).

Risks related to changes in the economic model – Relations with suppliers

Risk identification	Risk management
Fnac Darty offers a wide range of products and is supplied by a large number of suppliers. In France, in particular, purchases from the top twenty suppliers represented around 60% of the total purchases made in 2020. A major portion of the Group's operations depends on its capacity to negotiate under good conditions and maintain contracts and long-term business relations with its suppliers, especially those for whose products there is no substitute as far as customers are concerned (e.g. Samsung, Apple, Microsoft, Sony, etc.). Any deterioration in the banners' relationships with their main suppliers, the imposition of stricter conditions by suppliers, or the non-renewal or early termination of their main supply or service agreements may have a material adverse effect on the Group's image, operations, earnings, financial position and outlook. Furthermore, any significant failure, deterioration, sudden termination or non-renewal of the Group's contractual relationships with its partners and contractors could have a material adverse effect on the Group's image, operations, earnings, financial position and outlook.	The Group's sales policy is designed to develop strategic partnerships with suppliers, partners and contractors in its primary markets: ■ align our interests and suppliers' interests around the value strategy, with its opportunities and constraints, by entering into partnerships that shape the entire relationship (purchasing, communication, merchandising, demonstrations, etc.); ■ ad-hoc structures with a specific governance system have been implemented with the aim of rebalancing our relations with our suppliers: ▪ introduction of a 'hybrid' mode of operation which links buyers to product categories and provides central coordination, ▪ creation of a purchasing & policies department to define purchasing policy, coordinate and manage buyers, and monitor and formalize policies, ▪ integration of the scope of the France and international Purchasing Departments (management of European contracts) is in progress, ▪ separate management of the Services area by a specific Services Department; ■ offer developments to the services delivered to our suppliers through data supply and to the customer's experience online and in store; ■ agreements with suppliers are periodically negotiated in accordance with local laws and regulations and the Business Code of Conduct (appended to supplier contracts).

Risks related to changes in the economic model – Ability to enhance our organizational efficiency

Risk identification	Risk management
The simplest, most impactful, and most readily implementable cost-saving plans have already been accomplished through the synergies announced at the time of the Fnac Darty integration. The Group must nevertheless continually seek out further cost-saving plans to ensure that its operational efficiency and earnings do not deteriorate due to the normal inflation of costs, particularly real estate costs. As such, the Group may not be able to implement sufficient cost-saving plans to offset the impact of inflation. The Group needs to ensure that it maintains an ideal balance between its store network and changes in business activity and consumer behavior.	The performance culture is central to the Group's strategy, to ensure that all departments contribute to the search for potential cost savings while maintaining operational efficiency. A governance structure and action plans to support its staff have been put in place, primarily through a matrix structure that permits decision-making without hampering Group-wide development and pays special attention to any potential human resource impacts in its entities. Performance plan management is monitored monthly by the Executive Committee. In 2020, the Property Department realigned its organizational structure to improve its response to the challenges of developing sales activities and managing real estate costs, by redefining store formats and optimizing retail space.

Risks related to changes in the economic model – Integration of social and environmental responsibility issues

Risk identification	Risk management
The profound environmental crisis that is facing our societies is gradually calling into question the production and consumption methods of the last 50 years. Against this backdrop, public authorities are expanding the legislative mechanisms they can use to compel companies to reduce their environmental impact. The number of consumers seeking to consume better, or consume less, is steadily increasing. Young workers are increasingly conscious of CSR commitments, and many investors are investing in companies that are rated highly by non-financial rating agencies. The Group must incorporate this growing dimension and develop its business model to prevent contradictions or inconsistencies that, in some extreme cases, could lead to smear campaigns on social networks or demonstrations outside head offices, stores or warehouses. Failure to incorporate these environmental issues would expose the Group to multiple risks, such as: ■ damage to the Group's reputation; ■ decline in popularity; ■ loss of business; ■ non-compliance and penalties.	Aside from these risks, Fnac Darty believes that the incorporation of environmental issues into its business model represents an opportunity to enhance the strong and historic assets of the Group's brands (responsible image, after-sales service, technical laboratory, sales expertise, store network, etc.). The Group is capable of making its model more sustainable and positioning itself as the leader in responsible retail. In this regard, the Group has implemented three major initiatives: **1/** definition of a *raison d'être* that embeds environmental concerns within a context of hyperchoice: "Committed to providing an educated choice and more sustainable consumption". This mission statement guides the company in its strategic decisions and its day-to-day activity and management; **2/** strengthening governance: social and environmental responsibility is driven by the Executive Committee and the Board of Directors. From 2021 onwards, a CSR objective will be incorporated into the variable compensation of the Chief Executive Officer, the members of the Executive Committee and all managers. A Climate Committee is driving the objective of reducing the Group's CO_2 emissions in transport and energy; **3/** the development of services and advice that promote a more circular economy: launch of a repairability index, a subscription-based repair service (Darty Max), a repair assistance platform, expansion of the pre-owned Occasion activities, etc. All the actions taken to address this risk are detailed in chapter 2.

Risks related to changes in the economic model – Damage to the brand image of the Group's banners

Risk identification	Risk management
The success of our banners relies in part on the strong reputation and consumers' high opinion of our Fnac and Darty brands. In the context of the growth of its network of franchises and of Marketplace, the development of external partnerships, increasingly fierce competition and the development of social media that encourage the rapid dissemination of opinions, comments and reviews, the Group's ability to maintain the reputation and distinctive character of its brands, and to retain the membership of its customer loyalty programs, are key factors for longevity. Moreover, our banners' brand image could be affected by exceptional events such as liability incurred for marketing faulty products or non-compliance with applicable regulations.	A number of measures have been implemented to reduce the aforementioned risks: ■ an ongoing monitoring mechanism flags any event likely to affect the Group's image and reputation. This system relies on various departments working together, in particular the Marketing Department, Internal Communications and the Risk Prevention Department; ■ a mechanism to monitor the reputation of our leading third parties has been initiated under the Sapin 2 law; ■ Fnac Darty's Business Code of Conduct, which was updated at the end of 2020, is available on the company's internal network and appended to our contracts and agreements with third parties; it sets out the Group's ethical commitments and the behaviors required; ■ furthermore, the IT Charter sets out the rules governing the use of the IT tools available to employees in compliance with the Group's ethical rules.

Risks associated with changes to the economic model – Development of the service model

Risk identification	Risk management
The significant changes in the Fnac Darty service model involve speedy adjustments within the organization. We need to develop appropriate IT systems, align our internal processes, and train and gear up our technical and sales teams. To achieve the expected profitability of this model, it is essential that we provide the quality of service promised to the customer and that the business is managed effectively. The Group must also tighten up controls to guard against the various risks inherent in these activities.	The Group relies on its ecosystem and partnerships to make its service accessible to as many customers as possible. It is organized to acquire the right skills for managing subscriptions and driving its profitability (churn, NPS, payment problems). The Group is recruiting 500 technicians over the plan period to provide the capacity to meet the customer demand for repairs generated by the increase in Darty Max repair subscriptions. It is expanding its IT platform to include new subscription management functionality. The Group is capitalizing on its high levels of flexibility/agility, which helped it to recruit 200,000 subscribers to its new Darty Max service in 2020, despite stores being closed for several weeks.

Risks associated with changes to the economic model – Growth in transactional activities

Risk identification	Risk management
The development of our multichannel model and the growth of our online sales are placing increasing pressure on Fnac Darty's operations. The Group needs to support its growth ambition by maintaining its delivery capacity and ensuring high-class service in dealing with the challenges of controlling the costs of availability, order preparation, shipment and delivery.	The structure of our operating model is changing to bring our capacity more closely into line with increasing demand. The Group plans to make a significant investment in high-quality modern equipment to mechanize and automate order preparation and shipment. The aim of these investments over the term of the plan is to ensure a significant improvement in productivity and service quality. The development of click&collect also helps to mitigate the impact of online sales growth on operations, with stores being used as warehouses and delivery locations.

Risks associated with changes to the economic model – Talent management

Risk identification	Risk management
The Group needs to maintain the commitment of its employees and ensure that it retains the talent required to implement the strategy and develop the various business activities. Failure to control workforce turnover would mean the Group was unable to capitalize on employees' experience, which could therefore impede its operational efficiency. The Group could also find it difficult to hire for existing business lines that will be crucial in the future. The Group's strategy commits us to strengthening our technical business lines and our digital skills.	The Group has implemented: ▪ regular face-to-face communication; ▪ the Group plans changes to its workforce per business line based on demographic data and assumptions contained in the strategic plan, thereby making it possible to pre-empt changes and establish appropriate action plans; ▪ development reviews, carried out in order to identify talent and support these individuals in their career path within the Group; ▪ employees are asked to give their opinion on various themes every month by answering three questions. This mechanism is also an opportunity for them to freely express their expectations, which facilitates the creation of concrete action plans. Monitoring committees have been set up for this purpose; ▪ the Group has developed its structure and work environment in order to facilitate a collaborative approach and agility within digital business lines; ▪ support for Group employees and managers on new collaborative ways of working has been implemented with the roll-out of teleworking and management through accountability; ▪ adjustment of the compensation policy for a number of Group business lines; ▪ development of the Fnac Darty Academy, with the creation of nine classes, allowing the Group to establish a pool of experts in the technical, kitchen designer or delivery business lines; ▪ through the French Ministry of Labor, the Group promotes itself to companies that are considering restructuring and which have employees with the skills that Fnac Darty is seeking to hire; ▪ actions to modernize the Group's employer image with technicians (various communication plans); ▪ modernization of recruitment models and practices to provide faster and more targeted hiring; ▪ discussion is ongoing on how to develop and enhance working methods. In addition, the use of dedicated tools and resources, the development of links with specialized schools, the use of sponsorship and the recruitment of staff (especially in the context of work-study programs) with digital skills are intended to foster employee retention in these areas within the Group.

6.2 / Security risks

Security risks – Cyber-attacks and security

Risk identification	Risk management
Most of the Group's operations rely on information systems developed or administered by internal resources or outside contractors. Any fragility or failure of these systems could disrupt business operations and potentially have major repercussions on the Group's sales and financial results, particularly with regard to websites and ordering and payment systems, and especially during peak business activity, such as at the end of the year. Our Group's commercial websites could be subject to cyber-attacks and our databases might be corrupted. Our Group could also be the subject of internal malicious actions through privilege escalation, particularly due to inadequate security of our digital access controls and network. Our employees and customers could be subject to phishing scams (wrongful use of the Fnac Darty identity) resulting in unlawful data capture.	Fnac Darty's Information Systems Department ensures that all IT applications are consistent throughout the Group through a coordinated strategy that aims to anticipate operational incidents, particularly in the context of sharing tools due to the consolidation of the two banners, and to arrange emergency plans. The Group aims to ensure the security of the information systems and the data they contain. This is achieved through appropriate governance, technical solutions, shared standards, a common policy and the distribution of the IT Charter to employees, the management of digital identities, cyber resilience and the strengthening of the security audits of external service providers. Verifying external IT service providers by obtaining contractual guarantees ensures the confidentiality and security of the data processed (PCI-DSS compliance of service providers processing banking data). Furthermore, the Group works continuously to raise its employees' awareness of cyber security. Increasingly stringent security solutions are in place on our commercial websites, messaging services, and outflows. Every year, specialist external consultants carry out anti-intrusion audits and, where necessary, draw up immediate action plans.

Security risks – Managing the confidentiality of key strategic, commercial, social and legal information

Risk identification	Risk management
In the context of its current operations and strategic development, the Group processes and stores key information that could be used for malicious purposes. The Group must, at all times, ensure the controlled management of any confidential information upon which the market success of the year's major commercial operations depends.	The Group ensures the confidentiality of its key information by means of: ■ an internal authorization and rights policy for the various shared tools and networks; ■ a reminder of the best practices to adopt when using tools and managing information, provided in the Group's IT Charter; ■ the monitoring of key employees' inboxes for suspicious emails; ■ the encryption of sensitive information; ■ the management of key commercial information in a siloed, restricted manner and in accordance with a "just-in-time" data approach.

6.3 / Regulatory risks

Regulatory risks – Compliance with various regulations

Risk identification	Risk management
Because of its in-store and online retail activities, the Group is exposed to changes in the legal and regulatory environment in the countries in which it operates. In particular, the Group's activities are subject to controls, investigations and regulations relating to consumer protection, competition, e-commerce, intermediation in consumer credit and insurance, personal data protection, information technology, digital and physical book prices, contractual warranties for customers, and store safety and accessibility. The Sapin 2 Law and the law establishing a duty of care places a heavier obligation on our Group to put in place an annual declaration on interest representation activities, as well as measures to combat corruption and influence-peddling in every country where the Group is present. The Group's business is also affected by environmental regulations, which may have an impact on the products our banners distribute (such as obligations to dispose of or recycle consumer electronics and domestic appliances), the organization of after-sales services, the methods and cost of transporting products distributed, or the costs our banners incur for the rental of retail space. Moreover, financial penalties and/or the requirement to publish such penalties may be imposed on the Group if its compliance is considered to be insufficiently robust, impacting the Group's earnings and image.	Legal and regulatory requirements are monitored and incorporated at the country level by the local Finance and Legal Department with the support of the Group's advisory network, under the supervision of the Group's Legal, Finance and Tax Departments. The Group's Business Code of Conduct reaffirms our commitments to compliance with legal and regulatory obligations towards Group employees and the third parties with which we enter into contracts. This system is supplemented by letters of representation signed in-house by key employees. Employees are reminded of our obligations through internal training courses carried out in a classroom or via e-learning modules. The Group participates in discussions that may affect its environment, by presenting its actions and innovations to the public authorities, by participating alongside the authorities in discussions prior to the drafting of legislative and regulatory texts, and by defending its positions and proposals during hearings with the government, parliamentarians, local elected representatives, or independent authorities. The Group aims to support political objectives in terms of a commitment to a more circular economy, consumer protection, and equal treatment of economic operators, while preserving the interests of the companies concerned. The Group provides technical expertise useful for political decision-making in a fully transparent manner. As part of a constructive approach with the public authorities, the Group is able to promote innovative proposals thanks to its operational experience, but also to warn about the economic, social and environmental risks to which certain measures might expose the sector's stakeholders. In the latter case, the Group is responsible for working proactively on compromise solutions that are satisfactory and acceptable to all stakeholders. Its approach to interest representation alternates between its own commitments and participation within groups of stakeholders under the aegis of the professional federations – national or local – of which it is a member.

Regulatory risks – Balanced use of data

Risk identification	Risk management
As part of its ongoing activities and strategic development, the Group processes and maintains significant volumes of personal data in a complex and innovative technological environment. As such, the Group could be exposed to malicious external uses or attacks. In an aggressive competitive environment, the Group also ensures, within the context of its activities, a balance between using personal data for commercial purposes and protecting the privacy of its customers.	In 2017, Fnac Darty appointed a Group Data Protection Officer (DPO) with the CNIL (Commission Nationale de l'Informatique et des Libertés – French data protection authority). Two people were employed to strengthen the data protection team. Each country subsidiary also has a Data Protection Officer or person responsible for monitoring this issue. Specific governance of personal data protection has been implemented across the entire scope of the business. As part of a continuous improvement process, an action plan is carried out in particular with regard to (see section 2.5.1 "Protecting the personal data of employees and customers"): ■ dedicated governance led by a management committee and a report at the Executive Committee level; "data protection" champions in each department; ■ keeping a register of personal data processing operations; ■ awareness and training; ■ documentation and procedures; ■ informing data subjects; ■ retention for limited periods; ■ security of information systems; ■ introduction of formal contracts (Data Protection Agreements) with subcontractors and partners.

6.4 / Financial risks

Financial risks – Liquidity risk

Risk identification

The Group's activity is seasonal and is marked by a significant spike in its activity at the end of the year with the Black Friday period at the end of November and the Christmas celebrations in December. Group revenues and EBITDA are significantly higher in the fourth quarter than in the other quarters of the year.

The Group's working capital requirements fluctuate during the year and are normally highest in the third quarter of each year, leading to significant liquidity needs.

As of December 31, 2020, the Group's gross debt was €1,454.8 million (excluding IFRS 16), consisting mainly of:

- a €200 million bank term loan maturing in April 2023;
- €650 million in senior bonds maturing in April 2024 and April 2026 with capitalized interest;
- €100 million in loans from the EIB;
- a state-guaranteed loan of €500 million maturing in April 2021, with the option to extend it by five years until April 2026.

Free cash flow from operations amounted to €192 million in 2020.

The bank loan agreement, the state-guaranteed loan and the bond issue contain clauses customary for these types of financing, namely financial commitments, general restrictive covenants and early repayment clauses.

As of December 31, 2020, the Company secured a waiver on testing its financial covenants under the Loan Agreement (see section 4.2.2.2 "Financial Debt" of this Universal Registration Document).

The Company conducts a specific periodic review of its liquidity risk.

The terms and conditions of the Group's financing lines are detailed in section 4.2.2.2 "Financial debt" of this Universal Registration Document.

Risk management

Liquidity risk for the Group and each of its subsidiaries is closely and regularly evaluated by the Group through periodic financial reporting.

In order to manage liquidity requirements, the Group has diversified its sources of financing, set up a €300 million NEU CP program in the first quarter of 2018 (increased to €400 million in June 2020), and has access to an unused €400 million revolving line of credit maturing in April 2023.

In addition, the process of diversifying financing and renegotiating the Group's financial instruments, which started at the beginning of 2018 and contributes to risk management and mitigation, continued in 2019 with the refinancing of the 2016 debenture loan for a total of €650 million, in two tranches of €300 million and €350 million maturing in 2024 and 2026, and €100 million in financing from the European Investment Bank (EIB), repayable over nine years. Lastly, due to the Covid-19 crisis, in April 2020 the Group raised €500 million in financing in the form of a state-guaranteed loan from a group of French banks. The French government has guaranteed 70% of this financing.

Centralized cash management

Fnac Darty Participations et Services has entered into centralized cash management agreements for an unlimited term with its main French and its non-French subsidiaries.

The purpose of these agreements is to centralize the Group's cash management ("cash pool") in order to encourage coordination and optimization in using cash surpluses or in covering aggregate cash requirements at Group level.

Pursuant to the agreements, these subsidiaries deposit any cash surpluses they do not use to finance their operation and their capital expenditure program with Fnac Darty Participations et Services, in exchange for which Fnac Darty Participations et Services finances their working capital requirements and capital expenditure program.

Financial risks – Pension plan

Risk identification	Risk management
The pension plan, known as the "Comet pension plan," which is funded by Darty in the United Kingdom, has been taken over as part of the Fnac Darty consolidation. Fnac Darty's financing obligations depend on the future performance of the assets, the level of interest rates used to measure future commitments, actuarial projections and experience of changes in pension plans and the applicable regulations. Due to the many variables that determine the pension financing obligations, which are hard to predict, as well as any statutory changes, the future financing obligations for this pension plan in terms of cash could be larger than the amounts estimated as of December 31, 2020. In this case, these financing obligations could have a negative impact on the Group's financial position.	The monitoring of commitments under this pension fund is lead jointly by the Financial Control Department and the Investor Relations and Financing Department. Commitments are reassessed jointly every three years by the Group and the Comet Board of Trustees. Following the three-year renegotiation that took place in 2019, it was decided that contributions to the fund would be suspended from 2020 for the next two years. The Group is a member of the Comet pension fund Board, which meets approximately once per quarter.

Strategic risks – Change in the Group's capital structure

Risk identification	Risk management
Upon completion in 2017 of Ceconomy's purchase of the shares held by Kering, Ceconomy International Group held 24.2% of the share capital and voting rights of the Company as of December 31, 2020. Furthermore, in early February 2018, SFAM bought 11.38% of Fnac Darty shares from the Knight Vinke investment fund. As of December 31, 2020, SFAM Group's shareholding in the Company remained the same, at 11.4% of share capital and voting rights. Currently, no shareholder can influence the adoption or rejection of resolutions submitted for approval by Company shareholders at Ordinary and/or at Extraordinary General Meetings, in particular with respect to the appointment or removal of members of the Board of Directors, approval of the annual accounts, dividend distributions, authorizations related to capital increases, mergers, contributions, or any other decision requiring approval from Company shareholders. However, these recent changes demonstrate that the Group is potentially exposed to the risk of a change in shareholding structure that may hinder the execution of its strategic roadmap.	The Company's bylaws stipulate that shareholders must inform the Company when they pass the 3% capital holding threshold, and any multiple of 1% above this threshold. Any shareholder holding more than 5% of the capital must also make a declaration of intent providing the information specified in Paragraph VII of Article L. 233-7 of the French Commercial Code, including a declaration regarding any intention to take control of the Company or to continue purchasing securities. This declaration is renewable every six months. Together with the performance of shareholder identification studies several times per year, these mechanisms ensure that the Company is well informed about the various participants that have a stake in its capital. The Group also adheres to a strict policy ensuring that its governing bodies remain independent in the event of potential conflicts of interest with an existing shareholder. Accordingly, following the acquisition by Ceconomy of its equity stake in the Group, the latter entered into a dialog with Ceconomy in order to determine the best way for it to be represented in the Company's governance without hindering the proper functioning of operations or impeding execution of the Group's strategy. As such, no Director representing Ceconomy is present on the Board of Directors, but the Ceconomy group did participate in the selection of three Independent Directors. None of the 14 Directors on the Board are linked to the company SFAM, a service provider for the Group, and it therefore has no influence on the Group's decisions.

6.5 / Risk management associated with the Covid-19 health crisis

Specific risks associated with the Covid-19 pandemic

In addition to the specific risks that are subject to regular review and have defined action plans, since the beginning of 2020 the Group has had to deal with an unprecedented health crisis. This has required agile decision-making to make rapid adjustments to balance health and economic challenges with business continuity. The main issues are listed below:

Risk identification

- In 2020, the Covid-19 health crisis significantly affected the way the Group's work is organized, its operations and its economic model. The current situation shows that the ongoing crisis could continue to have a lasting impact on the Group's business, income, objectives and outlook. Each time health measures such as curfews or lockdowns are imposed they lead to partial or full closures of the Group's physical stores.
- The Group must ensure the health of its employees, customers and service providers by incorporating everyday prevention measures to suit each business line.
- If the pandemic develops differently in a particular country, it may disrupt industrial supply chains and cause inventory shortages in certain product categories.
- The health measures imposed by the authorities may have an impact on the logistics chain for the transportation of goods, on the supply of certain Group products and on the ability to deliver goods to the end customer.
- Social problems could slow the pace of consumer recovery post Covid-19.
- Greater digitization in consumer behavior could adversely affect store footfall and the Group's revenue;
- The Group needs to remain vigilant regarding the sound financial health of the key partners in its ecosystem.

Risk management

- At the start of the health crisis in Asia, the Group was quickly confronted with the effects of the situation on its sourcing activities. The decision to digitize the working environment enabled the move to remote working to protect employees in Hong Kong.
- During the first lockdown, choices and decisions were made with the goal of protecting the health of individuals and safeguarding the Group's economic interests (see section 2 "Measures taken to protect employees and customers during the health crisis"):
  - a continuity plan that ensures the health and safety of both employees and customers while providing the best possible service;
  - rapid reallocation of the Group's resources to strengthen digital capacity and ensure the continuation of its service activities (after-sales service, deliveries, etc.);
  - establishment of a cost adjustment plan with the implementation of part-time working for 80% of the workforce in France, given the closure of stores, revaluation of rents and downward revision of the investment plan;
  - set-up of a €500 million state-guaranteed loan to significantly strengthen liquidity.
- The Group has adapted its goods purchasing policy to deal with production delays. Working closely with its suppliers, it has drawn up a tactical purchasing plan for key product categories.
- Building on the centralized organization of its logistics platforms and the reliability of its digital platforms, the Group is continuing to adjust its operational model to respond to changes in demand and the situation.
- The Group relies on its ecosystem of partnerships with delivery providers and its internal delivery capabilities to ensure that its delivery times are in line with the highest market standards.
- The Group adapted its stores and developed click&collect to address health constraints during key commercial periods for the Group.

The course of the health crisis linked to the spread of Covid-19 still remains uncertain at this time, and its impact on the global economy is difficult to quantify. The extent of the impact on the Group's business in 2021 will depend on the nature of the measures taken by the authorities, the Group's ability to conduct its business with the end customer (delivery and store), and changes in consumer behavior post Covid-19. Building on the resilience shown in 2020 as a result of the Group's ability to absorb a significant proportion of its activities within its online presence, the Group remains vigilant and is periodically re-assessing with great care any changes in the situation and its impact on business and earnings.

6.6 / Insurance

General overview

The Group took out its insurance policies under conditions that were tailored to the scale and type of the Group's risks.

The Group's insurance approach is coordinated by its Legal Department, which is responsible, with the support of the other departments, for identifying risks, quantifying their consequences and reducing them by:

- recommending preventive measures for risks that can be eliminated or reduced by these means; and
- establishing financing arrangements, including the transfer to insurance companies of risks of an exceptional nature where the potential impact is high and the frequency is low.

This requires each Group subsidiary to provide the Group Legal Department with the information required to identify and quantify risks, and to implement appropriate resources to ensure business continuity in the event of an incident. Based on this information, the Group Legal Department negotiates with the major players in the insurance and reinsurance industry in order to find the cover best suited to the Group's risk coverage requirements.

Risk prevention policy

The risk prevention, precaution and protection policy is managed at Group level by the Risk Committee, which brings together multiple departments involved in risk management. Its role is to identify, assess and reduce exposure to risk and the occurrence and severity of claims, through:

- audits of the main operational sites;
- adherence to the recommendations of security professionals;
- internal control procedures;
- staff training;
- the dissemination of risk management best practices; and
- the implementation of appropriate emergency plans.

The Group's insurance policy

The Group's policy of transferring material risks to insurance companies is primarily determined by:

- the best economic balance between risk cover, premiums and deductibles; and
- the choice and limitations available in the insurance market, and local regulations.

Under its insurance policy, the Group favors the "all risks with exceptions" approach, which is determined by assessing the financial consequences for the Group of potential claims, specifically in terms of:

- property damage resulting from fire, explosion, water damage, theft, natural events causing damage to the Group's own property (buildings, furniture, equipment, merchandise or computer systems), riots, terrorism, war or other causes;
- operating losses following direct damage;
- third-party liability: personal injury or damage to property caused to third parties due to products, installations and equipment;
- cyber-attacks;
- transportation of goods; and
- the vehicle fleet.

For the franchises, the Group has adopted the principle of absorbing claims that are small in terms of cost (especially for All-Risks and Third-party Liability). This contributes to setting up preventive actions to reduce the incidence of claims.

The setting up of insurance coverage is based on determining the level of coverage required to cope with the reasonably estimated occurrence of the risks that the Group wishes to transfer to the insurance market for each facility and company concerned. This appraisal takes into account the assessments made by brokers and insurers, as insurance professionals and underwriters of the Group's risks.

Uninsured risks are those for which no coverage is offered on the insurance market or where insurance is offered at a cost that is disproportionate to the potential benefits of such insurance. The Group's insurance requirements are reviewed regularly by the Risk Committee in order to verify their suitability with regard to developments within the Group and the insurance market.

The main insurance programs taken out by the Group cover all of its subsidiaries. This coverage is underwritten by international insurance brokers that specialize in the coverage of major risks with reputable insurers.

Main insurance programs

The main insurance programs taken out by the Group to cover the risks it faces in its operations are described below. Where necessary, they may be supplemented by local programs specific to the country in question:

Damage and operating losses: The principal purpose of this policy is to insure the Group against damage resulting from fire, explosions, water damage, theft, natural disasters affecting property (buildings, furniture, equipment, merchandise, or computer systems) and those for which the Group is liable, and against resulting operating losses, for an estimated period required for resumption of normal business. The cover limit is €400 million and €20 million per claim for direct damages and operating loss combined for the Group over the insurance term expiring January 1, 2022.

Third-party liability: This policy chiefly covers operating risks and post-delivery or post-service risks of physical injury or material damage caused to third parties due to the activity of any of the Group's subsidiaries or products sold by the Group. The amount of damage covered in this respect is capped for the Group for an insured period expiring April 30, 2021. The cover limit is €75 million per claim per year for the Group.

Cyber risk: This policy covers the risks of loss of confidentiality, integrity and availability of the Group's information systems. Aware of the challenges that a major cyber-attack could pose to its business, the Group increased the Cyber cover limit in 2019, and then again in 2020, to €50 million per claim and per insurance period, and the insurance period expires on April 30, 2021.

Transportation of goods: This policy covers the Group's goods while they are in transit against the risk of damage, theft, loss or major events that may occur during transportation. The cover limit for this policy, which is renewed on April 30, 2021, is €3 million per claim.

Vehicle fleet: This policy covers our fleet of around 2,000 vehicles against the risks of liability and damage that may arise during the circulation of our vehicles. Foreign subsidiaries have local cover.

Insurance expenses borne by the Group: The cost to the Group of all insurance policies for the period ended is approximately €5 million.

6.7 / Risk management

The AMF defines risk as the possibility of an event whose consequences are likely to impact the persons, assets, environment and objectives of the Company, its image or its reputation.

Risk management includes areas that encompass far more than just financial risks: strategic, operational, market, corruption, image, reputation or compliance risks. Risk management is a management tool that contributes to:

- creating and protecting the Company's value, assets, image and reputation;
- preserving the longevity of the company's short-, medium- and long-term activities;
- securing the Company's decision-making process and other processes to achieve its objectives;
- encouraging consistency between the Company's actions and its values; and
- mobilizing the Company's workforce around a shared vision of the main risks.

The Group closely associates risk management with internal control. The Group's risk management and internal control systems rely on a series of resources, procedures and actions aimed at ensuring that proper measures are taken to identify, analyze and control:

- risks that could have a significant impact on the Company's assets or the achievement of its objectives, whether operational, financial or related to compliance with laws and regulations; and
- the activities, efficiency of its operations and efficient use of resources.

6.7.1 / THE RISK MANAGEMENT SYSTEM

The implementation of the risk management system in the Group is based on an organizational framework, a three-step risk management procedure and ongoing oversight.

6.7.1.1 / Risk management structure and coordination with internal control

Organizational framework

The organizational framework includes:

- a structure that defines the roles and responsibilities of those concerned, establishes clear and consistent procedures and standards within the system; and
- a risk management policy that formalizes the system objectives.

Organization of risk management at country level

Managing the exposure to decentralized risks is the responsibility of the country CEO and local managers, who are closest to the risks associated with the activities they exercise or supervise:

- monthly performance reviews help to detect the appearance or occurrence of risks;
- country Security Departments are responsible for the security of the Company's physical and intangible assets and for the security and safety of all persons present at all the Group's sites; they implement all human, organizational and technical means to handle risks of an accidental or intentional nature; and
- the Support Services Departments, in their role of securing and driving progress, may identify risks and propose an action plan to the reporting line for their containment.

Organization of risk management at Group level

The Internal Audit Department organizes, for management, the process of mapping the Group's major internal and external risks based on a formalized approach for identifying and assessing risks.

The Security Department circulates a set of rules and best practices to control the risks within its remit. The network of individual country Security Directors also rely on these rules and best practices. Its objectives at Group level are to harmonize procedures, reduce risks and optimize safety costs by promoting synergies and raising the awareness of all personnel within the Group's banners.

The Legal Department identifies and analyzes the Group's material legal risks and the insurable risks to be included in the Group's financial statements.

Preparation of the strategic plan by the Strategy Department provides the opportunity to assess the major external risks and update the mapping of the Group's major risks. In accordance with the guidelines, this is sent to the Internal Audit Department.

Risk management policy

The Group instituted its risk management policy based on the COSO II Framework.

A three-step risk management process

- Risk identification: the Group treats risk identification as an ongoing business process. Risk identification helps to categorize and centralize major risks either with the Security Department or with the Internal Audit Department, depending on the type of risk.
- Risk assessment: in terms of the Group's activities, this approach is documented at least once a year during a risk self-assessment process headed by the Internal Audit Department. The risk management policy sets out the criteria and procedures for these assessments. The aim is to review potential consequences of the main risks (consequences that may be of a financial, HR, legal, image-related or reputational nature) and assess the likelihood of their occurrence, as well as the level of risk management.
- Handling risk: the last step of the risk management process includes identifying the action plan(s) best suited to the Company.

Managing risk management procedures

The risk management system is subject to regular monitoring and review, which allows it to be continually improved.

The Audit Committee meets at least once a year to review the risk mapping prepared by the Internal Audit Department for the Group's Senior Management and monitors the progress of dedicated action plans.

The Group also conducts regular internal audits in France and abroad to assess and improve the effectiveness of its risk management systems.

Links between risk management and internal control

The risk management and internal control systems are complementary to the management of the Group's activities:

- the risk management system aims to identify and analyze the main risks. Such risks are addressed and are the subject of action plans. These plans may propose a change to the organization, the implementation of projects and the introduction of controls. Any such controls to be implemented come within the internal control system and may be reviewed in light of the risk mapping;
- the internal control system relies on the risk management system to identify the main risks to be contained; and
- the audit plan relies mainly on risk mapping to test the assessment of the level of control of identified risks.

The coordination and balance between the two systems depend on their shared underlying control environment, and, more specifically, the Company's specific risk and control culture, and the ethical values specified in the Group's Business Code of Conduct.

6.7.1.2 / General internal control principles

Internal control definition and objectives

The internal control system within the Group encompasses a number of tailored resources, policies, practices, procedures and initiatives, the purpose of which is to ensure that the required measures are taken to control:

- the Group's activities, efficiency of operations and efficient use of resources; and
- the risks likely to have a material impact on the company's assets or its ability to meet its objectives, whether of an operational, financial or compliance nature.

Internal control is defined as a process conducted by senior management under the control of the Board of Directors, and implemented by the Directors and all employees. Irrespective of the quality and scope of internal control, it cannot entirely guarantee that the objectives in the following areas will be achieved:

- compliance with applicable laws and regulations;
- application of instructions and strategy adopted by senior management;
- proper functioning of internal processes, including those contributing to the protection of the company's assets; and
- reliability of financial information.

Internal control limits

The following limitations inherent in any internal control system affect the probability that the Company will achieve its established objectives, in particular:

- human errors or malfunctions that occur when decisions are made or implemented;
- deliberate collusion between several persons, making it possible to elude the control system in place;
- deliberate fraud by management;
- where the implementation, or even maintenance, of a control would be more burdensome than the risk which it is supposed to alleviate; and
- when, in endeavoring to achieve the above-mentioned objectives, companies are confronted with events and hazards that are outside of their control (unforeseen changes in markets and competition, unforeseen change in the geopolitical situation, errors in forecasting or estimating the impact of such changes on the organization, etc.).

Internal control components

The quality of the internal control system depends on the following components:

- a control environment based on rules of conduct and integrity that are upheld by the management and communicated to all employees;
- the existence of clearly and appropriately defined roles and responsibilities;
- a system for categorizing, analyzing and managing the main risks; and
- ongoing monitoring of the internal control system, and regular review of its performance.

The Group's internal control environment

This environment is structured around the principles and values that are detailed in the Group's internal codes and charters and govern the behavior and ethics of all employees. It relies on the management of human resources to ensure the competence, ethics and involvement of employees.

Principles and values

- The Business Code of Conduct was updated in 2020. It sets forth the ethical principles and the main rules of conduct, in accordance with applicable regulations, and the behavior expected of Fnac Darty employees and partners.
- A "Gifts and Benefits Charter" updated in 2017 sets out in more detail the rules governing the various gifts and enticements from suppliers, third parties, and partners.
- The key unifying values of the Fnac Darty Group banners are Commitment, Passion, Respect, Innovation, Solidarity, Exemplary Performance, Spirit of Service, and Operational Excellence. These shared underlying values are reiterated in the updated Business Code of Conduct.
- An ethics charter for securities trading, updated in 2019, in compliance with AMF instructions, defines the obligations incumbent on persons holding privileged information.
- A Charter relating to the appropriate use of information systems was updated in 2018 to raise awareness and increase user responsibility among Fnac Darty employees in respect of their rights and duties.

These codes and charters have been validated by the Group's Executive Committee. They are available to all employees for reference on the intranet sites of the Group's banners.

"Fnac Darty's Essential Rules," updated in 2020, set forth the 14 main operational and administrative cycles of the Group's activities and the key internal control rules to follow in respect of legal or regulatory compliance, and in respect of efficiently allocating resources in order to achieve these objectives. In addition to these rules, there is a "Store Best Practices" corpus and a "Risk Prevention in management" glossary.

Human resources policy

The human resources policy contributes to internal control, in particular via the delegation of power and responsibilities, descriptions of functions, an employee assessment system and investments in training.

- Given the size of the Group and its workforce, the diversity of its activities, and the geographical dispersion of its different entities, it is necessary to delegate powers and responsibilities for the business to operate effectively. Responsibilities are delegated to appropriate people and entities, along with all the powers and resources they need to carry them out, in compliance with applicable regulations. Official job descriptions exist for key functions. The descriptions refer to the necessary controls for the supervision of the activity and also serve as a framework for the individual assessment system. The identification and description of key skills (managerial and business-specific) for the Group allows for the gradual implementation of a shared system for managing skills.
- Training, a component of annual plans, is focused on business-specific skills, combining specialist know-how, management expertise, and mandatory and regulatory knowledge. It is provided from the time new recruits first join the Group and continues throughout their careers, ensuring their individual development and that they follow essential rules on safety and compliance.
- All Group managers and employees benefit from an annual performance and skills appraisal and a professional interview designed to identify their training and professional development needs. Group Human Resources is responsible for the Group's senior executives (recruitment, international mobility, career management and training). Succession plans are in place for the principal Group management positions.
- Employees are asked to give their opinion on various themes every month by answering three questions. This mechanism is also an opportunity for them to freely express their expectations, which facilitates the creation of concrete action plans. Monitoring committees have been set up for this purpose.
- Compensation policies are managed and controlled by Group Human Resources for the principal management functions and at country level for other functions, in accordance with the main defined goals.

Organization

The structure of the Group's internal control involves persons throughout the chain of command, from the Executive Committee to all employees and supervisory and assessment bodies, including the Board of Directors, the Audit Committee, the Appointments and Compensation Committee, the Corporate, Environmental and Social Responsibility Committee and the Statutory Auditors.

The allocation of responsibilities and application of the rule on the division of functions ensures control and provides the basis on which the respective roles of the various decision-making bodies are built.

The Executive Committee

The Executive Committee determines the Group's main strategic policies and their impact on the major financial and management goals. It reviews the development of the business and decides which directions to take and which action plans to follow.

It is chaired by the Chief Executive Officer of Fnac Darty and, in 2020, also included the CEO of Fnac Vanden Borre in Belgium, the Group General Secretary responsible for Human Resources, CSR and Governance, the Human Resources Director, the Fnac Darty Commercial Director, the Fnac Darty Director of Operations and Information Systems, the Chief Operating Officer, the Group Chief Financial Officer, the Chief Executive Officer of Fnac Spain in charge of coordination for the Iberia Region, the Fnac Darty Director of Marketing and e-Commerce, the Group Director of Communications and Public Affairs, and the Fnac Darty Strategy and M&A Director.

Investment Committees

The Group Investment Committee examines and authorizes all investment decisions on major projects and projects related to:

- the creation of directly owned or franchised stores; and
- the acquisition or disposal of companies or businesses.

The Group Investment Committee is chaired by the Group's Chief Executive Officer. Its permanent members are the Group Chief Financial Officer and the Group Financial Control Director. Country projects are presented by the country CEO, assisted by his or her Chief Financial Officer and the experts involved in the projects (e.g. the Property Department for a real estate project).

The IT Investment Committee examines and authorizes all investment decisions on major IT projects.

The IT Investment Committee is chaired by the Group's Chief Financial Officer, and its permanent members are the Group Director of Operations and Information Systems and the Group Financial Control Director. Country projects are presented by the country CEO, assisted by his or her Chief Financial Officer.

Operational managers and employees

Management is the operational agent for internal control and relies on it for the achievement of its targets; the exercise of appropriate controls is therefore one of the prime responsibilities of every Group manager. This responsibility begins at the first level of supervision. Awareness of these controls among the main participants is formalized by the signing of delegations of powers and responsibilities.

As part of their delegated powers and formalized responsibilities, each Director and manager defines, implements and manages the internal control system. In particular, store, subsidiary and entity Directors are responsible for maintaining a satisfactory level of internal control over the assets and cash flows of the unit or company they manage.

Employees must be aware of the internal control systems for the objectives assigned to them, and must comply with the control principles and rules. They may help to improve and detect malfunctions. They are informed of the existing measures when they sign their employment contracts and by the internal regulations of the legal entities to which they report.

Other internal control participants

- The Group Legal Department advises and assists the operational departments and subsidiaries on major legal questions.
- The Group Tax Department advises and assists the operational departments and subsidiaries on major tax issues.
- The Group Financial Control Department is in charge of implementing and ensuring compliance with the procedures for reporting and preparing the consolidated financial statements.
- The Group Human Resources Department advises on and ensures compliance of internal practices with labor laws and regulations.
- The Group Security Department and the Group Architecture, Design and Maintenance Department conduct specific risk analyses and propose action plans for security and safety.
- The CSR Department advises operational departments and subsidiaries and helps them with the actions to be implemented in order to comply with societal and environmental responsibilities.

Supervisory and internal control assessment bodies

- The Board of Directors contributes to the general control environment through the skills of its members. It is regularly informed of major internal control and risk management methodologies and describes them in its Activity Report.
- Part of the Audit Committee's responsibility is "to ensure the implementation and relevance of internal control procedures and to identify and hedge Company risks, in particular risks relating to its financial or commercial assets (whether physical or intangible) as well as any type of contingent risk relating to employees, customers or third parties arising from the activities of the Company and/or its subsidiaries".
- Part of the Appointments and Compensation Committee's responsibility is "to evaluate the independence of the members of the Board of Directors, propose the appointment of its members, senior management and the specialized committees, and to examine and propose to the Board all elements and conditions for the compensation of members of senior management and the Group's main directors".
- Under its rules, part of the Corporate, Environmental and Social Responsibility Committee's responsibility is "to examine the principal risks and opportunities for the Group in corporate, social and environmental matters". It also oversees the risks associated with the duty of care.
- Having been set up in 2019, the Climate Committee meets once per quarter and comprises two sponsors from the Executive Committee (Group General Secretary and Director of Operations and Information Systems), as well as the Directors of Indirect Purchasing, CSR, Logistics, National Transportation, the Services Policy and After-Sales Service. It is responsible for deploying and verifying compliance with the Group's climate roadmap, ensuring that climate awareness is incorporated into the company's global strategy and driving the reduction objectives for greenhouse gas emissions.
- In January 2018, the Group's Ethics Committee was set up. It is chaired by the Group General Secretary responsible for Human Resources, CSR and Governance. Its permanent members are the Human Resources Director, the Legal Director, the Security Director, the Internal Audit Director, the CSR Director and the Data Protection Officer. This Committee's primary responsibilities are to ensure that the Group's codes, charters and policies are kept up to date, to monitor the effectiveness of risk reduction plans when mapping specific risks involving corruption and duty of care, and to prepare an annual report of its work for the Executive Committee.

- The Group's small Ethics Committee was established in July 2002 and is chaired by the General Secretary. Its permanent members are the Group Director of Human Resources, Group Legal Director, Group Risk Prevention Manager and Group Internal Audit Manager. The Committee's main duty is to oversee the follow-up and management of information reported via the ethics and compliance alert line.
- A Personal Data Management Committee was set up in 2017 to oversee compliance and adherence with the European General Data Protection Regulation (GDPR) of May 25, 2018. This Committee is chaired by the Data Protection Officer (DPO) appointed by the Group for France, who coordinates the DPOs appointed for other countries. The main objectives of this Committee, which meets every six weeks, are explained in chapter 2 of this Universal Registration Document, in particular in section 2.5.1 "Protecting the personal data of employees and customers".
- The Group's Insurable Risks Committee was created in 2019. It has the authority to validate, assess and improve the effectiveness of the risk management system in place, particularly in order to reduce net risk. This committee meets at least once every quarter and is chaired by the Group General Secretary responsible for Human Resources, CSR and Governance. Its permanent members are the Legal Director, the Financial Control Director, the Security Director, the Internal Audit Director, the Director of Internal Control France and the Head of Insurance.
- The Group Internal Audit Department, which contributes to the assessment of the internal control system through its missions, draws up recommendations for the improvement of its operations. The Internal Audit Department is in charge of managing and coordinating risk management, in particular through annual risk mapping and monitoring of action plans. It is also in charge of the central administration and analysis of internal control pursuant to the Financial Security Law and the AMF's reference framework set out in the section below, "Oversight of the system". The Group Internal Audit Department, which reports to the Group's General Secretary, reports the main results of its assessments to executive management and the Audit Committee.
- The Statutory Auditor takes note of the elements of internal control that are pertinent for the audit in order to take into consideration those factors that may generate risks of material anomalies in the financial statements, and not for the purpose of formulating an opinion on the efficacy of the internal control.

  At the time it deems appropriate, the Statutory Auditor communicates to management, at the appropriate level of responsibility, those weaknesses in the internal control system identified during the audit that it believes to be of sufficient importance to merit attention, unless the auditor believes that this approach would be inappropriate under the circumstances. The Statutory Auditor submits this communication in writing when it details weaknesses believed to be significant. The Statutory Auditor communicates the significant internal control weaknesses in writing to the bodies cited in Article L. 823-16 of the French Commercial Code, at the time it deems appropriate.

Oversight of the system

The ongoing oversight of the internal control system and the regular review of its functioning entail three types of tasks: annual self-assessment exercises, internal audits and observations made by the Statutory Auditors, as indicated in the previous paragraph.

Self-assessment

Those in charge are asked to apply the internal control system in order to assess the level of internal control achieved through the use of controls that are essential to the proper functioning of their activities.

This approach helps to:

- raise awareness among operational and functional managers of the internal control procedures for which they are responsible;
- provide a structured and objective framework for analyzing risks and sharing internal control best practices; and
- launch action plans and, if necessary, improvement plans.

The internal control analysis strategy is based on the following principles:

- an annual self-assessment of Fnac Darty's essential rules, through questionnaires filled in by key operational staff in each Group country organization. In 2020, 14 cycles were self-evaluated. The questionnaire for the "Finance, Accounting and Management" cycle sent to country Chief Financial Officers takes into account the AMF's reference framework and, in particular, its application guide.

  These questionnaires help operational staff to assess the quality of the internal control procedures for which they are responsible. They standardize the level of internal control across all activities and allow operational staff to benefit from best practices. They enable the launch of improvement action plans based on the results obtained.

Internal audit

In 2020, the Internal Audit Department continued to strengthen its system for assessing the organizations' internal control and risk management. The main actions undertaken concern:

- Internal Control Committees for all French and international subsidiaries. The purpose of these committees includes:
  - formalizing feedback from operational managers concerning identified and/or proven risks, and
  - ensuring that control activities are implemented and that they cover the subsidiary's risks.

  These Internal Control Committees met between January and December with the country and subsidiary CEOs and CFOs, and the Legal Department, Tax Department, Financial Control Department and Internal Audit Department; and
- the performance of specific audits in connection with the risk mapping.

Statutory Auditors

Within the framework of their assignment to certify the financial statements, the Statutory Auditors make observations. At the time it deems appropriate, the Statutory Auditor communicates to management, at the appropriate level of responsibility, those weaknesses in the internal control system identified during the audit that it believes to be of sufficient importance to merit attention, unless the auditor believes that this approach would be inappropriate under the circumstances. The Statutory Auditor submits this communication in writing when it details weaknesses believed to be significant. The Statutory Auditor communicates the significant internal control weaknesses in writing to the bodies cited in Article L. 823-16 of the French Commercial Code, at the time it deems appropriate.

6.7.1.3 / Internal control procedures relating to the preparation of financial information

General principles relating to the organization of accounting and financial internal control

Definition and objectives

Accounting and financial internal control includes the processes that provide accounting data: the financial information production process, account-closing process and the communications process.

The accounting and financial internal control system aims to ensure:

- compliance with accounting regulations and proper implementation of the principles on the basis of which the financial statements are prepared;
- implementation of senior management's instructions on financial reporting;
- the preservation of assets;
- the quality of information reported for the preparation of published financial statements and the reliability of their centralized processing for Group consolidation, with a view to the distribution and use of that information for management purposes; and
- the control of production of financial, accounting and management items.

Scope

The scope of application of internal control procedures relating to the preparation and handling of financial and accounting information comprises the parent company and all subsidiaries included in the consolidated financial statements.

Organization and management process of the accounting and finance function

Organization

Group financial and accounting information is prepared by the Group Finance Department.

In 2020, the Group Finance Department supervised the Financial Control Department, the Tax Department, the Investor Relations Department, the Security Department, the Treasury and Finance Department, the Property Department, and the France Finance Department, to which the Management Control Department reports.

Standards

Accounting standards

The Group has a body of accounting rules and policies which must be applied to all consolidated subsidiaries.

These accounting rules, which are regularly updated, take into account changes in accounting regulations and standards.

The accounting standards establish the principles required for the consistent processing of transactions. They specify, in particular, the recording methods pursuant to International Financial Reporting Standards (IFRS).

The budgetary and closure procedures ensure consistency in the processing of data.

Management standards

Management standards not only specify the rules applying to the valuation of certain major account balance sheets and income statements, but also the controls and validations applying to key processes.

The Financial Control Department is responsible for updating these rules and improving the quality of their formalization.

Management process

The production and analysis of financial and accounting information is based on a set of management procedures, such as:

- the medium-term plan, which measures the consequences of the strategic directions on the Group's major financial and management goals. The plan is also used annually by the Group to assess the value-in-use of assets relating to the various Cash Generating Units;
- the annual budget, compiled after discussions with Country and Group operational departments and general management: this budget, which identifies the major financial goals and operational action plans, is prepared in the fourth quarter of the year and is definitively adopted in the following first quarter after any intervening events are taken into account;
- the annual budget is updated at least twice a year to ascertain whether the budgetary targets have been met and, if necessary, to revise said targets in light of the results to date and any changes in the internal and external environment. In addition, a rolling monthly forecast is provided as part of the monthly budget update, with the entities sending in their revised monthly earnings and cash flow forecasts based on their business activity estimates;
- the reporting that is carried out each month on the basis of monthly result closures performed by all entities dependent on the Group allows rapid reporting of financial information and regular monitoring of operational performance. The Financial Control Department, on the basis of the controls delegated to country or subsidiary Chief Financial Officers, makes sure that this reporting is consistent and complies with the applied accounting treatments.

  The Group's CEO, its Chief Financial Officer, and the regional, country or subsidiary CEOs meet regularly with the managers of the various activities to assess the development of the business, based on financial and operational aspects; and
- the Financial Control Department regularly monitors, for annual and semi-annual closures, the off-balance sheet commitments of consolidated legal entities, including as part of the statutory consolidation processes, which require them to list all their commercial or financial commitments and monitor them over the years.

Information systems

The purpose of the financial and accounting information systems implemented in the Group is to meet the requirements in terms of compliance, security, reliability, availability and traceability of information.

- Financial management and accounting data are managed with a single SAP information system in all Fnac banner activities to ensure consistent processing, comparison and control of accounting and financial information. Financial management and accounting data are managed using a different SAP information system for Darty France, using software developed in-house for Vanden Borre (Darty Belgium).
- Financial reporting data and budget construction and tracking data are managed using a single information system across all Group activities. This SAP BPC tool interfaces with the various accounting information systems.
- Consolidation data are collected in a single consolidation tool known as BPC Consolidation, which interfaces with Fnac Darty's BPC V2 consolidated reporting system.

To reinforce internal control of systems, the Organization and Information Systems Department has strengthened the system used for the division of functions and has improved right of access controls through a formalized annual review across the entire Group.

Preparation of accounting and financial information

Operational bookkeeping processes

All bookkeeping processes, including sales, purchases and inventory management, fixed assets, payroll and cash are the subject of specific monitoring procedures and accounting validation and authorization rules.

Consolidation of accounts

The statutory consolidation of accounts is performed monthly using a single consolidation tool that allows the consolidated subsidiaries' financial information to be transmitted in real time after a comprehensive validation process of the consolidation files by their Statutory Auditors, CEOs and CFOs, who sign a representation letter every six months, thus ensuring the quality of the financial information transmitted.

The Financial Control Department conducts the consolidation process.

Financial communication

The Investor Relations and Financial Communication Department, which reports to the Group Chief Financial Officer, is responsible for preparing a precise timetable for releasing the latest financial information on the Group's activities to the financial markets.

This timetable complies with the requirements of the market authorities. Managers verify, with help from the Legal Department, that the information is released within the required time and in compliance with the laws and regulations that it monitors on an ongoing basis.

All material information communicated to the financial community accurately and transparently reflects the situation of the Group's activity, and is released in accordance with the principle of equality of information between shareholders.

Statutory Auditors

As part of their ongoing assignment, the Statutory Auditors audit the annual and interim accounts and financial statements of consolidated entities. The Group's annual consolidated financial statements are prepared under the supervision of the Financial Control Department under the responsibility of the Group Chief Financial Officer after validation by the entities' Finance Departments. The Chief Executive Officer and the Group Chief Financial Officer certify that the consolidated financial statements are true and present a fair view by signing a representation letter addressed to the Statutory Auditors.

6.7.2 / RISK MAPPING

Under its risk management and internal control procedures, the Group maps the principal risks to which it is exposed. The Group assesses the potential impact of each risk that is identified. The risk maps are updated regularly and allow the Group to define and monitor the various action plans that are implemented to reduce or manage these risks. The risks identified in the most recent Group risk mapping are described in the previous sections of chapter 6 "Risk factors and management". Additionally, in order to meet new regulatory requirements, risk mapping specifically for anti-corruption risks and risk mapping relating to the French law establishing a duty of care that must be exercised by parent companies and ordering companies have been carried out.

6.7.2.1 / Mapping of Group business risks

The key business risks identified are mapped at Group level with contributions from the Group's countries and main operational departments. This mapping is initially approved by the Executive Committee and then reviewed and approved by the members of the Audit Committee in December of every year.

Audit Committee members are updated on a regular basis on the progress of any risk mitigation plans.

6.7.2.2 / Specific mapping of Group corruption risks

In accordance with the Sapin 2 Law promulgated in December 2016, which came into effect in June 2017, the Group has established a corruption risk mapping process. Developed from interviews with the Group's various departments, it takes into account the geographical location of our activities, our interactions with third parties, the various business lines within the Group, our human resources policy, and existing procedures. The action plans defined in this regard have helped to strengthen our business ethics system (see chapter 2, section 2 of risk No. 4 "Fight corruption").

6.7.2.3 / Specific mapping of Group risks relating to duty of care

In consideration of the French law establishing a duty of care that must be exercised by parent companies and ordering companies, the Group, in conjunction with the Company's stakeholders, has mapped the specific risks relating to fundamental human rights and freedoms, personal health and safety, ethics and the environment that directly or indirectly result from its business activities. This work has helped us to define a robust Vigilance Plan that includes appropriate mitigation measures (see chapter 2, section 3 of risk No. 4 "Vigilance Plan").

6.7.2.4 / Specific mapping of Group GDPR risks

Under the General Data Protection Regulation that was adopted in 2016 and took effect in 2018, the Group has mapped its GDPR risks. Developed from interviews with the Group's various departments, it takes into account the geographical location of our activities, our interactions with third parties, and the various business lines within the Group. This mapping helps to direct actions for the GDPR compliance program in each business line (see section 2, part 2.5.1).

7

Information on the Company, capital and shareholders

7.1 / The Company

7.1.1 / INFORMATION REGARDING THE COMPANY

7.1.1.1 / Corporate name

The name of the Company is "Fnac Darty".

7.1.1.2 / Place of registration, registration number and Legal Entity Identifier (LEI)

The Company is registered under No. 055 800 296 with the Créteil Trade and Companies Registry.

The Legal Entity Identifier (LEI) of the Company is 96950091FL62XSLPHO35.

7.1.1.3 / Date of incorporation and term

Date of incorporation

The Company was incorporated on December 15, 1917.

Term of the Company

The term of the Company is set at January 1, 2100, unless it is dissolved early or extended.

7.1.1.4 / Registered office, legal form and applicable legislation

Registered office

Fnac Darty's registered office is located at 9, rue des Bateaux-Lavoirs, ZAC Port d'Ivry, 94200 Ivry-sur-Seine, France (telephone: +33 1 55 21 57 93).

Legal form and applicable legislation

Fnac Darty is a French limited company (société anonyme) specifically governed by the provisions of Book II of the French Commercial Code.

Previous corporate form

The Company was initially incorporated as a limited company. It was transformed into a simplified joint stock company by a unanimous resolution of the shareholders on June 4, 2002. On September 26, 2012, the Company's partners approved the transformation of the Company into a limited company with a Board of Directors.

7.1.2 / ARTICLES OF INCORPORATION AND BYLAWS

The Company's bylaws were written pursuant to the laws and regulations governing French limited companies with a Board of Directors. The principal stipulations described below are taken from the Company's bylaws, as adopted by the Company's Ordinary and Extraordinary General Meeting of April 17, 2013.

7.1.2.1 / Corporate purpose

Article 2 of the Company's bylaws provides that its purpose is to:

- create, operate, and develop commercial or industrial establishments in the sectors of the distribution of cultural, educational, musical, leisure, electronic and computer products and services, services for individuals and companies, or personal, home and office equipment, directly or indirectly by setting up subsidiaries or acquiring interests worldwide;
- acquire, administer, and sell financial securities or interests of any type in any entity with a lawful purpose, irrespective of the legal form, including unincorporated entities, throughout the world and for any length of time or duration, and carry out any transaction on these financial securities or interests, directly or indirectly by setting up subsidiaries or acquiring interests;
- carry out any transactions, including financial, investment, or real estate transactions, that directly or indirectly relate to, are necessary or useful in any way for, or are incidental or ancillary to the above.

To this end, the Company may act, directly or indirectly, on its own behalf or on behalf of third parties, either alone or in a partnership, association or company with any other company, individual or enterprise and carry out any transaction that comes within the scope of its purpose.

7.1.2.2 / Fiscal year

From January 1 to December 31 of each year.

7.1.2.3 / Administrative, management, supervisory and senior management bodies

Board of Directors

Composition of the Board of Directors (Article 12 of the bylaws and Article 1 of the Board's internal regulations)

The Board is composed of at least three and no more than eighteen members, subject to exceptions allowed by law, including in the case of a merger.

The Directors are appointed for a term of four years by the General Meeting under the conditions set forth by law. Article 12 of the bylaws provides the option of appointing Directors for a term that is less than the term of office in order to implement or maintain the staggering of Board members' terms of office. This enables the Board members' terms of office to be organized in such a way that allows for the renewal of members as regularly as possible. The Directors are eligible for re-appointment and may be dismissed at any time by a General Meeting. If one or more directorships are vacant, the Board may, under the conditions set forth by law, make provisional appointments, which will be subject to ratification at the next General Meeting. A Director appointed under these conditions to replace another Director remains in office for the remaining period of his or her predecessor's term of office.

The Board also includes one or two Directors representing employees, who are appointed for four years by the trade union organization(s) that obtained the most votes in the first round of the elections.

Senior management

Chief Executive Officer (Article 17 of the bylaws)

If the Board of Directors chooses to separate the functions of Chairman and Chief Executive Officer (CEO), it will appoint the CEO from among or outside its members, and will set the term of office, compensation and, as applicable, the limits to his or her powers. At no time may the CEO be more than 65 years of age.

Chief Operating Officers (Article 18 of the bylaws)

Upon the CEO's recommendation, whether this position is held by the Chairman of the Board or by another person, the Board may appoint one or more natural persons responsible for assisting the CEO with the title of Chief Operating Officer (COO). The maximum number of Chief Operating Officers is set at five. At no time may a Chief Operating Officer be more than 65 years of age.

Should the CEO cease to exercise or be prevented from exercising his or her duties, the Chief Operating Officer(s) will keep their positions and assignments until the new CEO is appointed, unless otherwise decided by the Board of Directors.

7.1.2.4 / General Meetings

Convening General Meetings

The Company's General Meetings are convened under the conditions and according to the procedures and timetables set forth by the regulations in force and the Company's bylaws. They are held at the registered office or in any other place stated in the notice of meeting.

Attendance and voting at General Meetings

All shareholders may participate in General Meetings, in person or through a proxy, under the conditions defined by the regulations in force. They will need to prove their identity and their ownership of the securities through registration in their name (or in the name of the intermediary registered on the shareholder's behalf when Company shares are listed for trading on a regulated market, pursuant to the regulations in force). This must occur no later than midnight (Paris time) on the second business day preceding the Meeting, either in the registered securities accounts kept by the Company or in bearer share accounts kept by any authorized intermediary, when the Company's shares are listed for trading on a regulated market. Proof of shareholder status can be provided electronically, under the conditions set by the applicable regulations.

Shareholders who participate in the Meeting by video-conferencing or by any means of telecommunication, including online, which allow for their identification under the conditions provided by the regulations in force are deemed to be present for the purposes of calculating the quorum and majority pursuant to the Board of Directors' decision published in the Notice of Meeting that such forms of telecommunication are permitted.

Any shareholder may vote remotely or by proxy, in accordance with the regulations in force, by completing a form provided by the Company and returned to it, in accordance with the regulations in force, including electronically or by remote transmission, pursuant to the Board of Directors' decision. To be accepted, this form must be received by the Company under the conditions provided by the regulations in force.

By prior decision of the Company's Board of Directors, electronic forms may be completed and signed using a reliable identification process that meets the conditions stated in the first sentence of the second paragraph of Article 1367 of the French Civil Code, which may consist of a user name and password, or any other means consistent with applicable regulations. Any proxy or vote issued electronically before the Meeting, as well as the confirmation of receipt issued, shall be considered as irrevocable written instructions enforceable against all parties. If ownership of securities is transferred before midnight (Paris time) on the second business day prior to the Meeting, the Company shall invalidate or accordingly modify the proxy or vote, as applicable, issued before that date and time.

Fnac Darty has implemented Votaccess, a service offering the option to vote online in advance of the General Meeting and to receive the Meeting invitation in electronic form.

Conduct of General Meetings

The meetings are chaired by the Chairman of the Board of Directors, or, in his or her absence, by a Board member specially delegated for that purpose by the Board. Otherwise, the Meeting shall elect its own Chairman.

The minutes of Meetings are prepared and copies are certified and issued in accordance with the regulations in force.

7.1.2.5 / Provisions of the bylaws that could have an impact on a change of control of the Company

The Company's bylaws do not contain any provisions that would, to the Company's knowledge, have the effect of delaying, deferring or preventing a change of its control.

7.1.2.6 / Shareholding thresholds and identification of shareholders (Article 9 of the bylaws)

Shareholding thresholds

While the Company's shares are admitted for trading on a regulated market, any individual or corporate entity acting alone or collectively who directly or indirectly comes to hold or ceases to hold 3% or more – or any multiple of 1% above 3% – of the Company's capital or voting rights must notify the Company thereof by registered letter with acknowledgment of receipt within the time limit stated in Article R. 233-1 of the French Commercial Code (at the time of writing, no later than the close of trading on the fourth trading day following the date that the shareholding threshold is crossed). This is in addition to the legal obligation to notify the Company of the holding of certain percentages of capital. The provisions of paragraph VI bis of Article L. 233-7 of the French Commercial Code and of the AMF General Regulations apply *mutatis mutandis* to the thresholds referred to in this paragraph.

If not declared in accordance with the preceding paragraph, shares exceeding the percentage that should have been declared shall be stripped of their voting rights in General Meetings if the absence of a declaration has been noted at a Meeting and if one or more shareholders holding at least 3% of the Company's capital or voting rights so requests at said Meeting. This removal of voting rights applies to all General Meetings held until the expiration of a two-year period following the date on which the declaration is regularized.

Furthermore, any person who solely or jointly comes to hold a number of shares representing more than one-twentieth of the Company's capital or voting rights must include the information referred to in paragraph VII of Article L. 233-7 of the French Commercial Code in their declaration to the Company, as specified in the AMF General Regulations. This is applicable while the Company's shares are admitted to trading on a regulated market and is in addition to the thresholds provided by the regulations in force.

At the end of each six-month period following their first declaration, any shareholders who continue to hold a number of shares or voting rights greater than or equal to the fraction referred to in the previous paragraph must renew their declaration of intent for each subsequent six-month period, in accordance with the terms mentioned above.

The Company reserves the right to notify the public and shareholders of any information of which it has been advised or of any failure to comply with the abovementioned obligation by the person concerned.

The ownership percentages are determined using the shares and voting rights referred to in Articles L. 233-7 et seq. of the French Commercial Code and the provisions of Articles 233-11 et seq. of the General Regulations of the AMF.

Identification of shareholders

While the Company's shares are listed for trading on a regulated market, the Company is authorized to use the methods pursuant to the regulations in force to identify the holders of securities that grant immediate or future voting rights at the Company's Shareholders' Meetings.

7.2 / Share capital

7.2.1 / SHARE CAPITAL ISSUED AND SHARE CAPITAL AUTHORIZED BUT NOT ISSUED

The Company's share capital as of December 31, 2020 and March 1, 2021 was €26,608,571, divided into the equivalent number of shares with a par value of one (1) euro, fully subscribed and paid up and all of the same class. This represents the same number of theoretical voting rights and 26,540,561 actual voting rights as of December 31, 2020 and 26,539,321 actual voting rights as of March 1, 2021. The difference between the number of theoretical voting rights and the number of actual voting rights corresponds to the treasury shares, to which no voting right is attached. The Company has not, to the best of its knowledge, pledged a significant portion of its capital.

The table below shows the financial delegations and authorizations, which were granted by the Company's Combined General Meetings on May 23, 2019 and May 28, 2020.

Subject of resolution	Maximum amount	Authorization validity	Use of the delegation or authorization during the year
Share buybacks and share capital reduction			
Authorization to trade in the Company's shares [h]	10% of share capital Maximum price per share: €80 Maximum amount of the transaction: €212,124,576	18 months [b]	See 7.2.3.1
Authorization to reduce capital by canceling treasury shares	10% of share capital per 24 months	26 months [b]	See 7.2.3.2
Issuance of securities			
Issue of ordinary shares, with preemptive subscription rights, giving access to ordinary shares or to the allotment of Company debt instruments and/or investment securities giving access to ordinary shares, as applicable [h]	Shares: €13m [c] Debt instruments: €260m [c]	26 months [a]	This delegation has not been used
Issue of ordinary shares giving access, as applicable, to ordinary shares or to the allotment of debt instruments and/or investment securities giving access to ordinary shares, in the form of a public tender offer and/or as payment in a public exchange offer, with preemptive subscription rights waived and with a mandatory priority period [h]	Shares: €2.60m [d] Debt instruments: €260m [c]	26 months [a]	This delegation has not been used
Issue of ordinary shares giving access, as applicable, to ordinary shares or to the allotment of Company debt instruments and/or investment securities giving access to ordinary shares, with preemptive subscription rights waived, in the form of a private placement [h]	Shares: €2.6m [e] Debt instruments: €260m [c]	26 months [a]	This delegation has not been used
Issue of shares or investment securities giving access to capital in consideration for contributions in kind [h]	Shares: 10% of share capital on the day of the AGM [e] Debt instruments: €260m [c]	26 months [a]	This delegation has not been used
Authorization granted to the Board of Directors, in the event of an issue without preemptive subscription rights, to set the issue price up to a limit of 10% of the share capital [h]	10% of share capital per year	26 months [a]	This authorization has not been used
Capital increase through the capitalization of reserves, profits [h] and/or premiums	€13m [f]	26 months [a]	This delegation has not been used

Subject of resolution	Maximum amount	Authorization validity	Use of the delegation or authorization during the year
Increase in the number of shares to be issued in the event of a capital increase with or without preemptive subscription rights [h]	As limited by applicable regulations (currently 15% of the initial issue) and the caps set by the General Meeting	26 months [a]	This authorization has not been used
Issue reserved for employees and Directors			
Capital increase, through the issue of ordinary shares or investment securities giving access to capital, reserved for members of employee share savings plans, with preemptive subscription rights waived in favor of the latter	€1.3m [f]	26 months [a]	This delegation has not been used
Award of stock subscription or purchase options, with preemptive subscription rights waived	5% of share capital on the allotment date [g]	38 months [a]	This authorization has not been used
Bonus allotments of existing shares and/or shares to be issued to the Company's employees, with preemptive subscription rights waived	1% of share capital on the allotment date	4 months until 09/27/2020 [b]	98,743 shares were allotted on June 16, 2020, i.e., 0.37% of the share capital
Bonus allotments of existing shares and/or shares to be issued to the Company's employees, with preemptive subscription rights waived	5% of share capital on the allotment date [g]	as of 09/28/2020 to 07/27/2023	This authorization has not been used

(a) From May 23, 2019.
(b) From May 28, 2020.
(c) All delegations for capital increases count towards this overall cap on capital increases. Shared cap for debt instruments.
(d) Shared cap for capital increases totaling €2.6 million towards which the caps referred to in (e) count and which counts towards the overall cap referred to in (c).
(e) Included in the shared cap for capital increases referred to in (d).
(f) Included in the overall cap referred to in (c).
(g) Shared cap for authorizations relating to stock options and the allotment of bonus shares, it being understood that, for each authorization, the nominal amount of capital increases counts towards the overall cap referred to in (c). Shared sub-cap for authorizations relating to stock options and the allotment of bonus shares to executive officers: 1% of the share capital within the shared cap.
(h) Suspension during a public tender offer.
€m: millions of euros.

The Company acted on the resolutions authorizing the purchase or sale of Company shares and the reduction of the Company's capital through the cancellation of treasury shares as described in section 7.2.3 below.

The Company has decided to make use of the delegation of authority granted to it by the General Meeting of May 23, 2019 in its seventeenth resolution and has decided to issue, by way of a public offering as provided for in Article L. 411-2 1° of the French Monetary and Financial Code (referred to as a "private placement"), convertible bonds known as "Océanes", up to a maximum nominal value of two hundred and sixty million euros (€260,000,000), with waiver of shareholders' preferential subscription rights and with no priority period. The Company has also decided to make a capital increase resulting from the potential conversion of the convertible bonds into new shares, up to a maximum nominal value of two million six hundred thousand euros (€2,600,000), plus the nominal value of the additional shares to be issued, if applicable, so as to preserve the rights of convertible bond holders, in the event of an adjustment to the conversion/exchange ratio, in accordance with the legal or regulatory provisions or the terms of the convertible bonds.

Following the issue on March 16, 2021 of a total nominal value of €199,999,947.63 represented by 2,468,221 bonds, with a unit par value of €81.03 and based on the initial conversion and/or exchange ratio of one share per bond, the potential dilution would be approximately 9.28% of the Company's current share capital if the right to share allotment were exercised in respect of all bonds, and the Company resolved to deliver only new shares in the event that said right to share allotment were exercised.

On March 16, 2021, Fnac Darty announced its new financing strategy with the repayment in full of its €500 million state-guaranteed loan (PGE), the extension of its RCF to €500 million and the repayment of the €200 million Senior Term Loan Facility maturing in April 2023, as well as the placement of its first Océane bond in the amount of approximately €200 million. Details of these various transactions are set out in section 4.3 "Recent events and outlook" of chapter 4 of this Universal Registration Document.

7.2.2 / SECURITIES NOT REPRESENTING SHARE CAPITAL

Since September 22, 2016, the Group has had at its disposal Senior bonds in the amount of €650 million, bearing 3.25% annual interest, maturing in 2023 (High Yield Bonds) as described in section 4.2.2.2 "Financial debt".

With a view to extending the average maturity of its financing, and to make the most of the favorable conditions offered by the high-yield bond market, Fnac Darty refinanced the bonds maturing in 2023 via the issuance (i) of a bond issue represented by bonds with a maturity of five years, paying an annual coupon of 1.875% and a nominal amount equal to €300 million and (ii) a bond issue represented by bonds with a maturity of seven years, paying an annual coupon of 2.625% and a nominal amount equal to €350 million.

Finally, Fnac Darty used the €500 million state-guaranteed loan that it received in April 2020 to secure its liquidity in light of the unprecedented health crisis. 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).

7.2.3 / SHARES CONTROLLED BY THE COMPANY, TREASURY SHARES AND THE COMPANY'S ACQUISITION AND CANCELLATION OF ITS OWN SHARES

7.2.3.1 / Share buyback program applicable at the Universal Registration Document preparation date

On May 28, 2020, the Ordinary General Meeting of the Company authorized the Company's Board of Directors to implement a buyback program for Company shares for a period of 18 months from the date of the Meeting, in accordance with the provisions of Article L. 22-10-62 et seq. and Article L. 225-210 et seq. of the French Commercial Code and pursuant to the AMF General Regulations, under the following conditions:

Transaction concerned	Duration of authorization	Maximum purchase price per share	Maximum amount	Maximum number of shares
Share buyback program authorized by the AGM of May 28, 2020	18 months	€80 (excluding acquisition costs)	€212,124,576	10% of the Company's share capital

On May 28, 2020, the Ordinary General Meeting of the Company authorized, under the same conditions, the Company's Board of Directors to reduce the share capital, on one or more occasions through the cancellation of any amount of treasury shares in the proportions and at the times as it may decide. This authorization is for a period of 26 months from the date of the Meeting, within the limits authorized by law and in accordance with the following conditions:

Transaction concerned	Duration of authorization	Maximum term of the share cancellation period	Maximum number of shares that may be canceled
Share buyback program	26 months	24 months	10% of the Company's share capital

Authorized purposes

Acquisitions may be made for the following purposes:

a) to stimulate the secondary market or liquidity for Fnac Darty shares via a liquidity agreement with an investment services provider in accordance with the practice permitted by the regulations, it being understood that the number of shares used to calculate the aforementioned limit is the number of shares purchased minus the number of shares sold;

b) to hold the purchased shares for future sale as exchange or payment in the context of external growth transactions;

c) to cover stock purchase options and/or bonus share allocation (or similar) plans for the benefit of Group employees and/or corporate officers as well as allocations of shares in connection with a company or Group savings plan (or similar), company profit-sharing plan and/or any other form of share allocations to Group employees and/or corporate officers;

d) to cover investment securities that establish the right to allotment of Company shares, as required by applicable regulations; and

e) to potentially cancel the purchased shares, in accordance with the authorization granted or to be granted by an Extraordinary General Meeting.

This program is also intended to enable the Company to trade in its shares using any means and for any other authorized purpose or using any market practice permitted now or subsequently by applicable laws and regulations or those accepted by the French Financial Markets Authority, the AMF. If the Company undertakes any transactions outside the purposes mentioned above, it will inform its shareholders by means of a press release.

Buyback mechanism

Acquisitions, sales, trades and transfers may be arranged by any means, including by acquiring blocks of shares, and the Company reserves the right to use options or derivative instruments subject to applicable regulations.

If a third party files a public tender offer for the Company's shares, the Board of Directors may not use this delegation for the duration of the offer period, unless it receives prior authorization to do so from the General Meeting.

Implementation

On October 18, 2018, the Company informed the market of the implementation of a treasury share buyback program, in the amount of 535,000 shares, or approximately 2% of its capital, over a 24-month period. This buyback is carried out at a price that may not exceed the ceiling of €130 per share, set by the General Meeting.

These shares are intended to be canceled so as to offset the dilutive effects of performance share plans or past stock option plans.

For the purpose of implementing this program, the Group granted a mandate to an independent investment services provider.

As of December 31, 2019, 495,000 shares had been redeemed under this mandate at an average price of €63.31 (brokerage fees amounting to €31,338 were paid in this respect). These shares, representing around 2% of capital before cancellation, were canceled.

Redemptions under the liquidity agreement

From September 26, 2018, and for a term of one year renewable by tacit agreement, Fnac Darty entrusted the implementation of a market surveillance and liquidity agreement covering its ordinary shares to Oddo BHF and Natixis, in accordance with the practice permitted by regulations.

For the implementation of this contract, the following resources were allotted to the liquidity account:

- 97,750 Fnac Darty shares; and
- €360,967.54.

An amendment to the liquidity agreement was also signed in March 2019.

In 2019, under the liquidity agreement, 738,440 shares were purchased at an average price of €61.34 for a total amount of €45,300,243, and 594,178 shares were sold at an average price of €63.58 for a total of €37,778,511. Under this liquidity agreement, the following resources were in the liquidity account on December 31, 2019: 78,750 shares and €2,235,053.86.

On March 4, 2020, the Company held 108,000 shares.

In consideration of the development of the Covid-19 pandemic and in accordance with the conditions imposed by the establishment of the loan guaranteed by the French government, the Board of Directors did not proceed with the share buyback programs in 2020, except as part of the current liquidity agreement.

7.2.3.2 / Description of the share buyback program submitted to the General Meeting of May 27, 2021 for authorization

Presentation of the program submitted to the next General Meeting

A new authorization is being submitted for the approval of the Combined Meeting of May 27, 2021 called to approve the financial statements for the year ended December 31, 2020. This authorization seeks authority for the Board of Directors to implement a new Company share buyback program pursuant to the provisions of Article L. 22-10-62 et seq. and Article L. 225-210 et seq. of the French Commercial Code and the AMF General Regulations, under the following conditions:

Transaction concerned	Duration of authorization	Maximum purchase price per share	Maximum amount	Maximum number of shares
Share buyback program	18 months	€80	212,868,560	10% of the Company's share capital

Acquisitions may be made for the following purposes:

- to stimulate the secondary market or liquidity for Fnac Darty shares via a liquidity agreement with an investment services provider in accordance with the practice permitted by the regulations, it being understood that the number of shares used to calculate the aforementioned limit is the number of shares purchased minus the number of shares sold;
- to hold the purchased shares for future sale as exchange or payment in the context of external growth transactions;
- to cover stock purchase options and/or bonus share allocation (or similar) plans for the benefit of Group employees and/or corporate officers as well as allocations of shares in connection with a company or group savings plan (or similar), company profit-sharing plan and/or any other form of share allocations to Group employees and/or corporate officers;
- to cover investment securities that establish the right to allotment of Company shares, as required by applicable regulations; and
- to potentially cancel the purchased shares, in accordance with the authorization granted or to be granted by an Extraordinary General Meeting.

This program is also intended to enable the Company to trade in its shares using any means and for any other authorized purpose or using any market practice permitted now or subsequently by applicable laws and regulations or those accepted by the French Financial Markets Authority, the AMF. If the Company undertakes any transactions outside the purposes mentioned above, it will inform its shareholders by means of a press release.

Acquisitions, sales, trades and transfers may be arranged by any means, including by acquiring blocks of shares, and the Company reserves the right to use options or derivative instruments subject to applicable regulations.

If a third party files a public tender offer for the Company's shares, the Board of Directors may not use this delegation for the duration of the offer period, unless it receives prior authorization to do so from the General Meeting.

7.2.4 / OTHER RIGHTS OR SECURITIES GIVING ACCESS TO CAPITAL

As of December 31, 2020, the potential capital consists of 48,719 stock subscription options and 949,399 bonus shares in the process of vesting, as described below. The mechanism for the allotment of performance shares described in section 3.4.2 "Long-term incentives" is achieved partially through stock subscription options and partially through bonus share allotments.

The principles and implementation of a long-term incentive plan for the Group's main Directors (excluding the Executive Corporate Officer) were approved by the Board of Directors meeting on April 4, 2016 on the recommendation of the Appointments and Compensation Committee. This was in accordance with the authorization granted by the General Meeting of June 17, 2016 in its fourteenth resolution relating to the allotment of bonus shares.

This plan consists of an allotment of bonus shares to the main Directors, Group leadership Directors, and high-potential Directors and managers, in order to link them to the Company's performance through the appreciation of its share price.

The principles and implementation of a long-term incentive plan for the Group's main Directors (including the Executive Corporate Officer) were approved by the Board of Directors meetings on April 28, 2017, December 15, 2017, May 18, 2018, May 23, 2019, and May 28, 2020 on the recommendation of the Appointments and Compensation Committee. This was in accordance with the authorizations granted by the General Meeting of June 17, 2016 in its thirteenth and fourteenth resolutions and by the General Meeting of May 23, 2019 in its twenty-third resolution.

These plans consist of an allotment of stock subscription options to the executive corporate officer and main Directors, and an allotment of bonus shares to the executive corporate officer, main Directors, Group leadership Directors and high-potential Directors and managers, in order to link them to the Company's performance through the appreciation of its share price.

The options issued through the stock subscription option plans will vest gradually to the beneficiaries, in tranches, at the end of successive vesting periods, subject to the beneficiary's continued employment in the Group at the end of the relevant period, and will be subject to a Fnac Darty share performance condition defined for each vesting period.

The principles and implementation of a special long-term incentive plan for the Group's main Directors, with the express exclusion of the Executive Corporate Officer, were approved by the Board of Directors meeting on June 16, 2020 on the recommendation of the Appointments and Compensation Committee. This was in accordance with the authorization granted by the General Meeting of May 28, 2020 in its nineteenth resolution relating to the allotment of bonus shares.

This special plan consists of an allotment of bonus shares, on an exceptional basis due to the specific circumstances concerning Covid-19, to a larger number of employees, Group executives, with the express exclusion of the Company's corporate officers, without these allotted shares being considered exceptional compensation for the beneficiaries. 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.

Pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Board decided that:

- the executive corporate officers must hold, in registered form, until the end of their term of office, a minimum number of shares corresponding to 25% of their fully vested shares (net of fees and taxes and the disposals necessary to exercise options) on each of the bonus share and option plans allotted to them by the Board on or after the date of their appointment; it is specified that the plans from which they may have benefited earlier as employees are not included in this requirement; and
- this percentage would be lowered to 5% once the number of shares held by the executive corporate officers from bonus share allotments and options exercised in all plans represents an amount equal to twice their gross annual fixed compensation, which is the minimum number of shares that the executive corporate officers must hold in registered form until the end of their term of office, as recommended in paragraph 23 of the AFEP-MEDEF Code.

In accordance with the recommendations of the AFEP-MEDEF Code, the executive corporate officers who receive share options and/or performance shares formally commit not to hedge their risk on the options, the shares resulting from the exercise of options, or the performance shares, until the end of the share lock-up period set by the Board of Directors.

Stock options

The options issued through the stock subscription option plan will vest gradually to the beneficiaries, in tranches, at the end of successive vesting periods, subject to the beneficiary's continued employment in the Group at the end of the relevant period. They will be subject to a Fnac Darty share performance condition, a performance condition associated with the achievement of specific synergy targets with regard to the merging of Fnac and Darty, and a current operating income target, defined for each vesting period.

The exercise price of the allotted stock subscription options is set without a discount. It is equal to the average of the 20 closing prices of the Group's share prior to the date of the decision of the Board of Directors regarding the allotment of the plan.

The plan established by the Board of Directors on April 28, 2017 stipulates two vesting periods: May 2, 2017 to May 1, 2019, and May 2, 2017 to May 1, 2020.

The plan established by the Board of Directors on May 18, 2018 stipulates two vesting periods: May 18, 2018 to May 17, 2020, and May 18, 2018 to May 17, 2021.

Main features	2017 plan	2018 plan
Date of the authorization of the General Meeting	June 17, 2016	June 17, 2016
Date of Board of Directors' meeting	April 28, 2017	May 18, 2018
Exercise price (1)	€66.23	€89.43
Performance conditions	Share price increase Achievement of synergy targets	TSR Achievement of current operating income target
Date of full vesting (start date for exercising options)	May 1, 2019: for 50% May 1, 2020: for 50%	May 17, 2020: for 50% May 17, 2021: for 50%
Plans' expiration date	May 1, 2020: for 50% May 1, 2021: for 50%	May 17, 2021: for 50% May 17, 2022: for 50%
Number of stock subscription options initially allotted	300,000	97,438
Alexandre BOMPARD, Chairman and CEO until 07/17/2017	150,000	
Enrique MARTINEZ, CEO since 07/17/2017		41,766
Number of beneficiaries as of December 31, 2020	7	11
Being vested as of December 31, 2020	0	48,719
Canceled or expired as of December 31, 2020	245,424	25,754
Vested as of December 31, 2020	32,748 (1st tranche vested as of May 1, 2019) 21,828 (2nd tranche vested as of May 1, 2020)	22,965 (1st tranche vested as of May 17, 2020)
Vested and exercised as of December 31, 2020	5,463 (1st tranche vested as of May 1, 2019)	0
TOTAL NUMBER OF OPTIONS BEING VESTED AS OF DECEMBER 31, 2020		**48,719**

(1) Price is equal to the average of the 20 closing prices of Fnac Darty's share prior to the date of the decision of the Board of Directors regarding the allotment of the plan.

Stock subscription or purchase options granted to the first ten non-executive corporate officer employees and the options exercised by these beneficiaries	Total number of options allocated/ shares subscribed or purchased	Weighted average price	Plan no. 1	Plan no. 2
Options granted during the period by the issuer and any company included within the scope of allotment of options, to the ten employees of the issuer and any company included within this scope, of which the number of options granted is the highest. (Global information)	0	n.a.	n.a.	n.a.
Options held on the issuer and the companies referred to above, exercised during the period by the ten employees of the issuer and these companies, of which the number of options thus purchased or subscribed is the highest. (Global information)	0	n.a.	n.a.	n.a.

Allotment of bonus shares

The plan established by the Board of Directors on April 4, 2016 stipulates a duration of four years: two vesting years (June 17, 2016 to June 16, 2018) and two holding years for French residents, and four vesting years (June 17, 2016 to June 16, 2020) for non-French residents. The performance condition is assessed on the average closing price of the Fnac Darty share for the 20 days preceding June 16, 2018.

The plan established by the Board of Directors on April 28, 2017 stipulates a duration of four years: two vesting years (May 2, 2017 to May 1, 2019) and two holding years for French residents, and four vesting years (May 2, 2017 to May 1, 2021) for non-French residents. The Fnac Darty share performance condition was assessed annually, in April 2018 and April 2019, based on the share's average closing price over the 20 trading days preceding May 1, 2018 and May 1, 2019 respectively. The performance condition relating to the achievement of synergies in the merger of Fnac and Darty were assessed in 2018 after publication of the Group's 2017 annual results, and in 2019 after the publication of the Group's 2018 annual results.

The plan established by the Board of Directors on December 15, 2017 stipulates a vesting period of more than two years (December 15, 2017 until the third trading day following the publication of the 2019 annual results). The Fnac Darty share performance condition was assessed annually, in 2019 and 2020, based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120. The performance conditions relating to the achievement of synergies in the merger of Fnac and Darty and to the level of Current Operating Income (COI) were assessed in 2019 after the publication of the Group's 2018 annual results, and in 2020 after the publication of the Group's 2019 annual results.

The plan established by the Board of Directors on May 18, 2018 stipulates a term of three years (May 18, 2018 to May 17, 2021) with two successive vesting periods: a first period of two years (May 18, 2018 to May 17, 2020) and a second period of three years (May 18, 2018 to May 17, 2021). The Fnac Darty share performance condition based on the Company's Total Shareholder Return (TSR) compared to that of the companies in the SBF120 is measured annually: for the first period, in 2019 for 2018, and in 2020 for 2018-2019; and for the second period, in 2021 for 2018-2020. It will also be subject to a performance condition tied to a target level of current operating income that will be set: for the first period in 2019, after the publication of the Group's 2018 annual results, and in 2020, after publication of the Group's 2019 annual results; and for the second period in 2021, after the publication of the Group's 2020 annual results.

The plan (excluding the executive corporate officer) established by the Board of Directors on May 23, 2019 provides for a term of three years (May 23, 2019 to May 22, 2022) with two successive vesting periods: a first period of two years (May 23, 2019 to May 22, 2021) and a second period of three years (May 23, 2019 to May 22, 2022). The performance condition relating to the Fnac Darty share price based on the Company's Total Shareholder Return (TSR) compared to that of SBF120 companies is measured in respect of 2019-2020 for the first period, and in respect of 2019-2021 for the second period. The performance conditions associated with achieving a target level of free cash flow will be assessed in 2021 upon publication of the Group's annual results for 2020, taking into account the cashflow generated by the Group during the financial years 2019 and 2020 for the first period, and in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the financial years 2019, 2020 and 2021 for the second period. The Company's performance in the area of corporate, environmental and social responsibility will be assessed by taking into account the Group's non-financial ratings for 2019 and 2020 for the first period, and by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the second period.

The plan in respect of the executive corporate officer established by the Board of Directors on May 23, 2019 provides for a term of three years with a single vesting period (May 23, 2019 to May 22, 2022). The performance condition relating to the Fnac Darty share price based on the Company's Total Shareholder Return (TSR) compared to that of SBF120 companies is measured in respect of 2019-2021 for the entire period. The performance conditions associated with achieving a target level of free cash flow will be assessed in 2022 upon publication of the Group's annual results for 2021, taking into account the cashflow generated by the Group during the financial years 2019, 2020 and 2021 for the entire period. The Company's performance in the area of corporate, environmental and social responsibility is assessed by taking into account the Group's non-financial ratings for 2019, 2020 and 2021 for the entire period.

The plan established by the Board of Directors on May 28, 2020 stipulates a duration of three years with a single vesting period (May 28, 2020 to May 27, 2023). The performance condition relating to the Fnac Darty share price based on the Company's Total Shareholder Return (TSR) compared to that of SBF120 companies is measured in 2023 in respect of 2020-2022 for the entire period. The performance conditions associated with achieving a target level of free cash flow will be assessed in 2023 upon publication of the Group's annual results for 2022, taking into account the cashflow generated by the Group during the financial years 2020, 2021 and 2022 for the entire period. The Company's performance in the area of corporate, environmental and social responsibility is assessed in 2023 by taking into account the Group's non-financial ratings for 2020, 2021 and 2022 for the entire period.

The special plan (with the express exclusion of the Executive Corporate Officer) established by the Board of Directors on June 16, 2020 stipulates a duration of two years: one vesting year (June 16, 2020 to June 15, 2021) and one lock-up year (June 16, 2021 to June 15, 2022) for French residents, and two vesting years (June 16, 2020 to June 15, 2022) for non-French residents. This special plan consists of an allotment of bonus shares, on an exceptional basis due to the specific circumstances concerning Covid-19, to a larger number of employees, Group executives, with the express exclusion of the Company's corporate officers, without these allotted shares being considered exceptional compensation for the beneficiaries. 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.

Vesting of the bonus shares is subject to a continuous service condition and Fnac Darty performance conditions, with the exception of the special 2020 plan.

Main features	2016 plan	2017 plan	2017 plan	2018 plan
Date of the authorization of the General Meeting	June 17, 2016	June 17, 2016	June 17, 2016	June 17, 2016
Date of Board of Directors' meeting	April 4, 2016	April 28, 2017	December 15, 2017	May 18, 2018
Performance conditions	Share price increase	Share price increase Achievement of synergy targets	TSR Achievement of synergy targets Achievement of current operating income target	TSR Achievement of current operating income target
Date of full vesting	For French residents: June 16, 2018 For non-French residents: June 16, 2020	For French residents: May 1, 2019 For non-French residents: May 1, 2021	In 2020, the third trading day following the publication of the 2019 annual results	May 17, 2020: for 66.67% May 17, 2021: for 33.33%
End date of the holding period	For French residents: June 16, 2020	For French residents: May 1, 2021		
Number of bonus shares initially allotted	67,529	122,000	92,500	109,817
Alexandre BOMPARD, Chairman and CEO until 07/17/2017		20,333		
Enrique MARTINEZ, CEO since 07/17/2017			15,391	9,983
Number of beneficiaries as of December 31, 2020	0	23	0	148
Being vested as of December 31, 2020	0	12,689	0	32,732
Canceled or expired as of December 31, 2020	13,792	50,724	41,920	44,653
Vested as of December 31, 2020	53,737	58,587	50,580	32,432

Main features	2019 plan	2019 plan	2020 plan	Special 2020 plan
Date of the authorization of the General Meeting	June 17, 2016	June 17, 2016	May 23, 2019	May 28, 2020
Date of Board of Directors' meeting	May 23, 2019	May 23, 2019	May 28, 2020	June 16, 2020
Performance conditions	TSR Achievement of free cash flow target CSR	TSR Achievement of free cash flow target CSR	TSR Achievement of free cash flow target CSR	None
Date of full vesting	May 22, 2021: for 33.33% May 22, 2022: for 66.67%	May 22, 2022: for 100%	May 27, 2023: for 100%	For French residents: June 15, 2021 For non-French residents: June 15, 2022
End date of the holding period				For French residents: June 15, 2022
Number of bonus shares initially allotted	214,449	31,752	616,496	98,743
Alexandre BOMPARD, Chairman and CEO until 07/17/2017				
Enrique MARTINEZ, CEO since 07/17/2017		31,752	76,997	
Number of beneficiaries as of December 31, 2020	196	1	231	138
Being vested as of December 31, 2020	162,279	26,460	616,496	98,743
Canceled or expired as of December 31, 2020	51,675	5,292	0	0
Vested as of December 31, 2020	495	0	0	0
TOTAL BONUS SHARES BEING VESTED AT DECEMBER 31, 2020				**949,399**

No companies affiliated with Fnac Darty under the conditions laid down in Article L. 225-197-2 of the French Commercial Code or controlled by it as defined by Article L. 233-16 of the French Commercial Code have issued any stock purchase or subscription option plans.

Dilutive effect

As of December 31, 2020, the Company had 949,399 bonus shares in the process of vesting as well as 48,719 subscription options in the process of vesting, conferring the right to subscribe to 48,719 Company shares. As of December 31, 2020, there were 26,608,571 Company shares. On that date, if all subscription options had been exercised and all bonus shares vested through the issue of new shares, 998,118 shares would have been created, representing a dilution of 3.75%.

The Company has decided to make use of the delegation of authority granted to it by the General Meeting of May 23, 2019 in its seventeenth resolution and has decided to issue, by way of a public offering as provided for in Article L. 411-2 1° of the French Monetary and Financial Code (referred to as a "private placement"), convertible bonds known as "Océanes", up to a maximum nominal value of two hundred and sixty million euros (€260,000,000), with waiver of shareholders' preferential subscription rights and with no priority period. The Company has also decided to make a capital increase resulting from the potential conversion of the convertible bonds into new shares, up to a maximum nominal value of two million six hundred thousand euros (€2,600,000), plus the nominal value of the additional shares to be issued, if applicable, so as to preserve the rights of convertible bond holders, in the event of an adjustment to the conversion/exchange ratio, in accordance with the legal or regulatory provisions or the terms of the convertible bonds.

Following the issue on March 16, 2021 of a total nominal value of €199,999,947.63 represented by 2,468,221 bonds, with a unit par value of €81.03 and based on the initial conversion and/or exchange ratio of one share per bond, the potential dilution would be approximately 9.28% of the Company's current share capital if the right to share allotment were exercised in respect of all bonds, and the Company resolved to deliver only new shares in the event that said right to share allotment were exercised.

On March 16, 2021, Fnac Darty announced its new financing strategy with the repayment in full of its €500 million state-guaranteed loan (PGE), the extension of its RCF to €500 million and the repayment of the €200 million Senior Term Loan Facility maturing in April 2023, as well as the placement of its first Océane bond in the amount of approximately €200 million. Details of these various transactions are set out in section 4.3 "Recent events and outlook" of chapter 4 of this Universal Registration Document.

7.2.5 / TERMS GOVERNING ANY VESTING RIGHT AND/OR ANY OBLIGATION ATTACHED TO THE CAPITAL AUTHORIZED BUT NOT ISSUED

None.

7.2.6 / SHARE CAPITAL OF ANY GROUP COMPANY THAT IS SUBJECT TO AN OPTION OR AN AGREEMENT TO GRANT AN OPTION

Except as described in section 7.3 "Shareholders" of this Universal Registration Document, the Company is not aware of any options to acquire all or part of the capital of any company in the Group or any conditional or unconditional agreement to grant an option over all or part of the capital of any Group company.

7.2.7 / HISTORY OF THE SHARE CAPITAL OVER THE LAST FIVE YEARS

The table below presents the evolution of the Company's share capital over the last five full financial years.

Date	Nature of the transaction	Capital prior to the transaction (€)	Issue premium (€)	Number of shares prior to the transaction	Number of shares after the transaction	Par value after the transaction (€)	Capital after the transaction (€)
05/24/2016	Capital increase reserved for Vivendi	16,687,774	156,079,753	16,687,774	19,632,675	1.00	19,632,675
07/29/2016	Capital increase as payment for the Darty shares tendered as securities for the Darty plc acquisition offer	19,632,675	n.a.	19,632,675	26,103,758	1.00	26,103,758
09/15/2016	Capital increase as payment for the Darty shares tendered as securities for the Darty plc acquisition offer following the forced disposal notifications	26,103,758	n.a.	26,103,758	26,122,771	1.00	26,122,771
01/09/2017	Increase in the number of shares following the exercise of stock subscription options	26,122,771	3,749,880.60	26,122,771	26,299,576	1.00	26,299,576
03/01/2017	Increase in the number of shares resulting from the full vesting of bonus shares	26,299,576	(38,890)	26,299,576	26,338,466	1.00	26,338,466
12/15/2017	Increase in the number of shares following the exercise of stock subscription options	26,338,466	7,614,068.08	26,338,466	26,658,135	1.00	26,658,135
06/18/2018	Increase in the number of shares resulting from the full vesting of bonus shares	26,658,135	44,245	26,658,135	26,702,380	1.00	26,702,380
07/16/2018	Capital increase reserved for employees, corporate officers and eligible former employees subscribing to the Group Savings Plan	26,702,380	6,585,377.76	26,702,380	26,792,938	1.00	26,792,938
12/28/2018	Increase in the number of shares following the exercise of stock subscription options	26,792,938	463,368.1	26,792,938	26,803,689	1.00	26,803,689
12/28/2018	Capital reduction through the cancellation of shares	26,803,689	n.a.	26,803,689	26,605,439	1.00	26,605,439

Date	Nature of the transaction	Capital prior to the transaction (€)	Issue premium (€)	Number of shares prior to the transaction	Number of shares after the transaction	Par value after the transaction (€)	Capital after the transaction (€)
03/07/2019	Increase in the number of shares resulting from the full vesting of bonus shares and following the exercise of stock subscription options	26,605,439	138,307.9	26,605,439	26,618,995	1.00	26,618,995
03/07/2019	Capital reduction through the cancellation of shares	26,618,995	n.a.	26,618,995	26,567,245	1.00	26,567,245
05/20/2019	Increase in the number of shares resulting from the full vesting of bonus shares and following the exercise of stock subscription options	26,567,245	752,353.60	26,567,245	26,643,288	1.00	26,643,288
05/20/2019	Capital reduction through the cancellation of shares	26,643,288	n.a.	26,643,288	26,498,288	1.00	26,498,288
06/07/2019	Increase in the number of shares following the exercise of stock subscription options	26,498,288	394,451.9	26,498,288	26,504,635	1.00	26,504,635
07/17/2019	Capital increase reserved for employees, corporate officers and eligible former employees subscribing to the Group Savings Plan	26,504,635	6,128,159.88	26,504,635	26,615,572	1.00	26,615,572
09/13/2019	Capital reduction through the cancellation of shares	26,615,572	n.a.	26,615,572	26,515,572	1.00	26,515,572
03/02/2020	Increase in the number of shares resulting from the full vesting of bonus shares	26,515,572	n.a.	26,515,572	26,566,152	1.00	26,566,152
05/18/2020	Increase in the number of shares resulting from the full vesting of bonus shares	26,566,152	n.a.	26,566,152	26,598,464	1.00	26,598,464
06/17/2020	Increase in the number of shares resulting from the full vesting of bonus shares	26,598,464	n.a.	26,598,464	26,607,956	1.00	26,607,956
07/24/2020	Increase in the number of shares resulting from the full vesting of bonus shares	26,607,956	n.a.	26,607,956	26,608,571	1.00	26,608,571

The following major transactions involving the Company's share capital were completed between May 24, 2016 and the preparation date of this Universal Registration Document.

In accordance with the right to sub-delegate granted by the Board of Directors:

- the Chairman and Chief Executive Officer, in a decision dated May 25, 2016, noted the capital increase of €159,024,654 with an issue premium of €156,079,753 reserved for Vivendi, through the issue of 2,944,901 new shares; the share capital was therefore raised from €16,687,774 to €19,632,675 (divided into 19,632,675 shares with a par value of €1);
- the Chairman and Chief Executive Officer, in a decision dated July 29, 2016, noted the capital increase of €6,471,083 through the issue of 6,471,083 new shares with a par value of €1, as payment for the Darty shares tendered as securities for the buyback offer; the share capital was therefore raised from €19,632,675 to €26,103,758 (divided into 26,103,758 shares with a par value of €1);
- the Chairman and Chief Executive Officer, in a decision dated September 15, 2016, noted the capital increase of €19,013 through the issue of 19,013 new shares with a par value of €1, as payment for the Darty shares tendered as securities for the buyback offer; the share capital was therefore raised from €26,103,758 to €26,122,771 (divided into 26,122,771 shares with a par value of €1);
- the Chairman and Chief Executive Officer, in a decision dated January 9, 2017, noted the capital increase of €176,805 through the issue of 176,805 new shares with a par value of €1, following the exercise of stock subscription options in 2016; the share capital was therefore raised from €26,122,771 to €26,299,576 (divided into 26,299,576 shares with a par value of €1);
- the Chairman and Chief Executive Officer, in a decision dated March 1, 2017, noted the capital increase of €38,890 through the issue of 38,890 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,299,576 to €26,338,466 (divided into 26,338,466 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated December 15, 2017, noted the capital increase of €319,669 through the issue of 319,669 new shares with a par value of €1, following the exercise of stock subscription options in 2017, not recognized as of March 1, 2017; the share capital was therefore raised from €26,338,466 to €26,658,135 (divided into 26,658,135 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated June 18, 2018, noted the capital increase of €44,245 through the issue of 44,245 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,658,135 to €26,702,380 (divided into 26,702,380 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated July 16, 2018, noted the capital increase of 90,558 new shares with a par value of €1 following the subscription of shares by employees, and eligible corporate officers and former employees subscribing to the Group Savings Plan for Fnac Darty's French companies, and to the International Group Savings Plan for Fnac Darty's non-French companies; the share capital was therefore raised from €26,702,380 to €26,792,938 (divided into 26,792,938 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated December 28, 2018, noted the capital increase of 10,751 new shares with a par value of €1 following the exercise of stock subscription options since October 1, 2018; the share capital was therefore raised from €26,792,938 to €26,803,689 (divided into 26,803,689 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated December 28, 2018, noted the capital reduction of 198,250 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,803,689 to €26,605,439 (divided into 26,605,439 shares with a par value of €1);

- the Chief Executive Officer, in a decision dated March 7, 2019, noted the capital increase of 13,556 shares with a par value of €1 following the full vesting of 10,347 bonus shares and the exercise of 3,209 stock subscription options, followed by a reduction of 51,750 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,605,439 to €26,567,245 (divided into 26,567,245 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated May 20, 2019, noted the capital increase of 76,043 shares with par value of €1 following the full vesting of 58,587 bonus shares and the exercise of 17,456 stock subscription options, followed by a reduction of 145,000 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,567,245 to €26,498,288 (divided into 26,498,288 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated June 7, 2019, noted the capital increase of 6,347 shares with a par value of €1 following the exercise of 6,347 stock subscription options; the share capital was therefore raised from €26,498,288 to €26,504,635 (divided into 26,504,635 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated July 17, 2019, noted the capital increase of 110,937 new shares with a par value of €1 following the subscription of shares by employees, and eligible corporate officers and former employees subscribing to the Group Savings Plan for Fnac Darty's French companies, and to the International Group Savings Plan for Fnac Darty's non-French companies; the share capital was therefore raised from €26,504,635 to €26,615,572 (divided into 26,615,572 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated September 13, 2019, noted the capital reduction of 100,000 shares with a par value of €1 following the redemption of shares under the share buyback program implemented by the Company's Board of Directors; the share capital was therefore reduced from €26,615,572 to €26,515,572 (divided into 26,515,572 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated March 2, 2020, noted the capital increase of €50,580 through the issue of 50,580 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,515,572 to €26,566,152 (divided into 26,566,152 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated May 18, 2020, noted the capital increase of €32,312 through the issue of 32,312 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,566,152 to €26,598,464 (divided into 26,598,464 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated June 17, 2020, noted the capital increase of €9,492 through the issue of 9,492 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,598,464 to €26,607,956 (divided into 26,607,956 shares with a par value of €1);
- the Chief Executive Officer, in a decision dated July 24, 2020, noted the capital increase of €615 through the issue of 615 new shares with a par value of €1, following the full vesting of bonus shares by the beneficiaries; the share capital was therefore raised from €26,607,956 to €26,608,571 (divided into 26,608,571 shares with a par value of €1).

7.3 / Shareholders

7.3.1 / SHAREHOLDING

To the Company's knowledge, as of December 31, 2020, the Company's share capital and voting rights were distributed as follows:

	Position as of December 31, 2020			Position as of December 31, 2019			Position as of December 31, 2018		
Shareholders	Number of shares	% of share capital	% of theoretical voting rights	Number of shares	% of share capital	% of theoretical voting rights	Number of shares	% of share capital	% of theoretical voting rights
Ceconomy Retail International	6,451,845	24.25%	24.25%	6,451,845	24.33%	24.33%	6,451,845	24.25%	24.25%
SFAM Group	3,026,422	11.37%	11.37%	3,026,422	11.41%	11.41%	3,026,422	11.38%	11.38%
Employee share ownership	375,341	1.41%	1.41%	306,479	1.16%	1.16%	140,314	0.53%	0.53%
Treasury shares	68,010	0.26%	0.26%	78,750	0.30%	0.30%	61,000	0.23%	0.23%
Floating	16,686,953	62.71%	62.71%	16,652,076	62.80%	62.80%	16,925,858	63.62%	63.62%
TOTAL	**26,608,571**	**100.00%**	**100.00%**	**26,515,572**	**100.00%**	**100.00%**	**26,605,439**	**100.00%**	**100.00%**

As of December 31, 2020, the date of the decision of the TPI, the Company had almost 1,500 registered shareholders and almost 700 bearer shareholders according to the Euroclear statement of bearer shares and according to the register of registered shares. Approximately 42% of shareholders at that date were residents.

To the Company's knowledge and as of the date of this document, no other shareholder directly or indirectly, solely or jointly, holds more than 5% of the share capital or voting rights.

To the Company's knowledge, there has been no significant change in the ownership structure since the end of the year.

The main shareholder movements between 2017 and 2020 were as follows:

- 2017: Disposal of the Artémis shareholding from the capital of Fnac Darty (6,451,845 shares, i.e. 24.3% of the capital) for the benefit of the companies Ceconomy AG and Metro Vierzehnte, under the terms of a forward disposal agreement for Fnac Darty shares, concluded on July 26, 2017;
- 2018: Ceconomy remains the Group's reference shareholder with 24.3%. On February 6, 2018, the French insurance broker SFAM purchased Knight Vinke's 11.4% stake in Fnac Darty, thus becoming the Group's second-largest shareholder. On July 2, 2018, Vivendi exercised the right it secured at the start of the year to exit its 11% interest in Fnac Darty;
- 2020: Ceconomy remains the Group's reference shareholder with 24.25%, followed by SFAM with 11.37% of the capital.

Shareholding thresholds

The following major holding notifications were submitted to the AMF and/or the Company in relation to the year 2020, and January and February 2021:

- In a letter sent on February 4, 2020, Moneta Asset Management, acting on behalf of the funds that it manages, reported that its holdings had dropped below the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights, and that it held 777,964 Fnac Darty shares representing the same number of voting rights, i.e. 2.93% of the capital and voting rights.
- In a letter sent on February 7, 2020, BDL Capital Management reported that it had exceeded the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights, and that it held 812,305 Fnac Darty shares representing the same number of voting rights, i.e. 3.06% of the capital and voting rights.
- In a letter sent on February 13, 2020, Amundi reported that its holdings had dropped below the statutory threshold of 3% in relation to the holding of Fnac Darty share capital and voting rights, and that it held 790,702 Fnac Darty shares representing the same number of voting rights, i.e. 2.98% of the capital and voting rights.
- In a letter dated February 21, 2020, Ceconomy reported that its subsidiary Ceconomy Retail International GmbH still directly and indirectly held 6,451,845 shares, representing 24.33% of shares and theoretical voting rights making up the share capital of Fnac Darty, and that, as of August 24, 2017, it had exceeded all 1% thresholds between 3% and 24%, and in particular the statutory thresholds of 5%, 10%, 15% and 20%.

In the same letter, Ceconomy stated, on its own behalf and on behalf of Ceconomy Retail International (and reiterated in its letters dated August 22, 2018 and February 22, 2019), that its intentions were as follows:

- *"The acquisition of 6,541,845 Fnac Darty shares was financed by the issue of promissory notes and commercial paper;*
- *Ceconomy controls Ceconomy Retail International and these companies do not act jointly with any third party in respect of Fnac Darty;*
- *Ceconomy and Ceconomy Retail International will consider the acquisition of additional Fnac Darty shares depending on market opportunities, but will not exceed the threshold of 30% of the share capital and voting rights of Fnac Darty;*
- *Ceconomy and Ceconomy Retail International do not intend to take control of Fnac Darty;*
- *Ceconomy and Ceconomy Retail International support the strategy implemented by Fnac Darty and its management team; therefore, none of the measures listed in section 6 of Article 223-17-I of the AMF General Regulations need to be implemented;*
- *Ceconomy and Ceconomy Retail International are not party to any agreement or financial instrument referred to in sections 4 or 4 bis of Article L. 233-9-I of the French Commercial Code or any temporary sales agreement relating to the shares or voting rights of Fnac Darty; and*
- *Apart from the three Independent Directors put forward by Ceconomy, Ceconomy and Ceconomy Retail International do not intend to seek to be appointed to the Fnac Darty Board of Directors."*

- In a letter sent on March 17, 2020, Norges Bank reported that its holdings had dropped below the threshold of 3% of Fnac Darty's share capital and voting rights and that it held 746,021 Fnac Darty shares representing the same number of voting rights, i.e. 2.80% of the capital and voting rights.
- In a letter sent on June 12, 2020, SFAM Développement stated that it continued to hold 3,026,422 Fnac Darty shares. In the same letter, SFAM Développement specifically stated that, for a period of 6 months, which was renewed on December 12, 2020:
  - *"It would not acquire or sell Fnac Darty securities giving access to the capital or voting rights of Fnac Darty, since its last statement;*
  - *it would not act in concert with a third party;*
  - *it intends to acquire additional shares as market opportunities arise;*
  - *it has no intention of taking control of Fnac Darty;*
  - *it supports the strategy announced by the management team; therefore, none of the measures listed in section 6 of Article 223-17-I of the AMF General Regulations need to be implemented;*
  - *it is not party to any agreement or financial instrument referred to in sections 4 or 4 bis of Article L. 233-9-I of the French Commercial Code;*
  - *it is not party to any temporary sale agreement involving shares or voting rights in Fnac Darty; and*
  - *it does not intend to request representation on the Board of Directors."*
- In a letter sent on June 25, 2020, BDL Capital Management reported that it had exceeded the threshold of a multiple of 1% of the share capital and voting rights, and that it held 1,067,754 shares representing the same number of voting rights, i.e. 4% of the capital and voting rights.
- In a letter dated August 21, 2020, Ceconomy reported that its subsidiary Ceconomy Retail International GmbH still directly and indirectly held 6,451,845 shares, representing 24.25% of shares and theoretical voting rights making up the share capital of Fnac Darty and that, as of August 24, 2017, it had exceeded all 1% thresholds between 3% and 24%, and in particular the statutory thresholds of 5%, 10%, 15% and 20%.

  In the same letter, Ceconomy stated, on its own behalf and on behalf of Ceconomy Retail International, that its intentions were as follows:

  - *"The acquisition of 6,541,845 Fnac Darty shares was financed by the issue of promissory notes and commercial paper;*
  - *Ceconomy controls Ceconomy Retail International and these companies do not act jointly with any third party in respect of Fnac Darty;*
  - *Ceconomy and Ceconomy Retail International will consider the acquisition of additional Fnac Darty shares depending on market opportunities, but will not exceed the threshold of 30% of the share capital and voting rights of Fnac Darty;*

- *Ceconomy and Ceconomy Retail International do not intend to take control of Fnac Darty;*
- *Ceconomy and Ceconomy Retail International support the strategy implemented by Fnac Darty and its management team; therefore, none of the measures listed in section 6 of Article 223-17-I of the AMF General Regulations need to be implemented;*
- *Ceconomy and Ceconomy Retail International are not party to any agreement or financial instrument referred to in sections 4 or 4 bis of Article L. 233-9-I of the French Commercial Code or any temporary sales agreement relating to the shares or voting rights of Fnac Darty; and*
- *Apart from the three Independent Directors put forward by Ceconomy, Ceconomy and Ceconomy Retail International do not intend to seek to be appointed to the Fnac Darty Board of Directors."*

- Ceconomy sent Fnac Darty a letter dated February 22, 2021, in which it renewed these same declarations and intentions.
- On December 11, 2020, SFAM Développement sent Fnac Darty the same letter as that of June 12, 2020, reiterating the same statements and intentions.
- In a letter sent on February 24, 2021, Dorval Asset Management indicated that it had dropped below the statutory thresholds of 4% and 3% of Fnac Darty's share capital and voting rights, on May 10, 2019 and October 8, 2019 respectively, and that it held 1.37% of the capital and voting rights as of February 23, 2021.
- In a letter sent on February 25, 2021, M&G reported that its holdings had dropped below the threshold of 3% of Fnac Darty's share capital and voting rights and that it held 781,348 Fnac Darty shares representing the same number of voting rights, i.e. 2.94% of the capital and voting rights.

7.3.2 / SHAREHOLDERS' VOTING RIGHTS

Each share of the Company entitles its holder to one voting right. The Company has not granted any double voting rights. The voting rights of Fnac Darty's main shareholders do not differ from those of its other shareholders.

7.3.3 / CONTROL STRUCTURE

No shareholder controls Fnac Darty.

Ceconomy holds 24.25% of the Company's share capital and voting rights but is not represented on the Company's Board of Directors or Board committees. Three independent directors, Daniela Weber-Rey, Delphine Mousseau and Caroline Grégoire Sainte Marie were appointed on the recommendation of Ceconomy (see section 3.1.1 "Composition of the Board of Directors and its committees" of this Universal Registration Document).

7.3.4 / AGREEMENTS THAT COULD RESULT IN A CHANGE OF CONTROL OF THE COMPANY

None.

7.4 / Stock market information

7.4.1 / EQUITIES MARKET

Fnac Darty shares have been listed on Euronext Paris since June 20, 2013.

Codes and classification of Fnac Darty shares

ISIN code: FR0011476928

Mnemo: Fnac

Where listed: Euronext Paris

Compartment: A

Indices: SBF120

7.4.2 / FNAC DARTY SHARE PRICE AND TRADING VOLUMES

At the time of the IPO, the reference price for Fnac Darty shares was €22.00. On the first day of trading (June 20, 2013), the opening share price was €20.03 and the closing share price was €19.00.

As of December 31, 2020, the closing price for Fnac Darty shares was €52.70. In addition, Fnac Darty market capitalization reached €1,400 million.

(€)	Average closing price	High	Low	Number of shares traded on all platforms
January 2020	48.34	53.85	41.60	4,165,733
February 2020	43.06	45.64	38.60	2,745,109
March 2020	27.35	41.62	16.29	5,298,409
April 2020	25.90	30.28	22.04	2,283,181
May 2020	27.44	30.70	24.54	2,548,578
June 2020	35.26	38.02	29.96	4,633,978
July 2020	36.18	38.86	32.86	2,552,121
August 2020	35.24	37.20	32.88	1,560,609
September 2020	36.67	39.72	34.38	2,165,979
October 2020	39.46	44.84	32.20	3,910,897
November 2020	41.94	48.76	34.56	3,212,563
December 2020	50.55	53.60	45.24	2,739,148
January 2021	50.38	55.25	43.64	2,383,369
February 2021	48.30	53.60	46.10	2,477,420

(Source: Bloomberg for the share prices and for the number of shares traded on all platforms).

7.4.3 / FINANCIAL SERVICES ESTABLISHMENT

The securities are managed by:

CACEIS Corporate Trust
Investor Relations
14, rue Rouget-de-Lisle
92862 Issy-les-Moulineaux Cedex 9, France

Tel.: +33 (0)1 57 78 34 44
Fax: +33 (0)1 57 78 32 19
Email: ct-contact@caceis.com

7.5 / Dividend distribution policy

In line with the objectives stated when the Fnac-Darty merger was announced, the Group's priority was to generate synergies, continue its capital investment, and maximize free cash flow with the aim of reducing debt and improving the Group's financial flexibility.

On February 26, 2020, Fnac Darty announced the launch of a shareholder return policy, with a target payout rate of 30% to 40%. The Group originally intended to recommend, at the General Meeting of shareholders on May 28, 2020, the distribution of an ordinary dividend of €1.50 per share for 2019, corresponding to a distribution rate of 35%, in line with the objectives. Given how the Covid-19 epidemic is developing, and in line with the conditions required for the implementation of a state-guaranteed loan, the Board of Directors withdrew the dividend proposal of €1.50 per share for 2019. As a result, the Group did not pay any dividends during 2020.

Given its 2020 results and the ambitions outlined when its Everyday strategic plan was announced, Fnac Darty will propose to the General Meeting on May 27, 2021 to pay an ordinary dividend of €1.00 per share, representing a payout rate of around 30%. This dividend will be payable entirely in cash. The ex-dividend date will be July 5, 2021 and the dividend payment date July 7, 2021.

The Group will also propose to reactivate its shareholder return policy and is aiming for a payout rate of at least 30% in the medium term. The target that the Group has now set is to distribute an ordinary dividend of at least €1.50 per share from 2021 onwards, which will be paid from 2022 onwards; this will, of course, be subject to approval at the General Meeting.

Lastly and additionally, the Group will, each year, look at the possibility of making an additional distribution to shareholders in the form of an exceptional dividend or share buyback, after financing any M&A transactions and paying the ordinary dividend. Any opportunistic distribution will also be submitted to the vote of the General Meeting.

In any event, the Group considers that a leverage amounting to a maximum of 2.0× is an acceptable level to enable the Group to conduct M&A transactions and to allow for a return to shareholders. This indicator will be assessed at the end of June each year in the belief that the position at this date will best reflect the Company's situation, given the seasonality of the business [(1)].

The target for the Group is twofold: to secure a recurring dividend distribution for shareholders and to ensure an acceptable level of debt over the long term.

In addition, under the Loan Agreement, Fnac Darty may only make dividend distributions or other types of distributions related to its share capital in the following circumstances: (A) if such a distribution and/or payment does not exceed, in one year, 50% of the distributable profits for the previous year; and (B) as long as none of the default events provided for in the Loan Agreement have occurred or are likely to be triggered by such a distribution (see section 4.2.2.2 on financing under the Loan Agreement of this Universal Registration Document).

It should be noted that no dividends nor income have been paid out over the past five years.

(1) Leverage: net debt/EBITDA excluding IFRS 16 at the end of June.

7.6 / Communication with shareholders and investors

Fnac Darty regularly communicates its activities, strategy, and outlook to its institutional and individual shareholders and, more generally, to the financial community in compliance with best industry practices. Fnac Darty is monitored regularly by nine analysts.

In 2020, Fnac Darty's management and the Investor Relations team interacted almost 300 times with analysts and investors based in various countries that represent the Company's main regions of financial interest in terms of its business sector and its market capitalization, in particular in Europe and the United States.

These interactions took place in the form of roadshows, phone calls, and industry conferences. In the specific context of the Covid-19 crisis, which greatly restricted travel between countries, these meetings took place remotely by phone or videoconference after the entry into force of the first lockdown in March 2020.

In addition, the Investor Relations team, supported by the CSR Director of Fnac Darty, participated in events dedicated to socially responsible investment (SRI). These meetings with investment funds and SRI analysts contributed to the Group's progress in the field of CSR, the results of which are detailed in section 2 "Non-financial Performance Declaration" of this Universal Registration Document.

In terms of accessibility to information, Fnac Darty provides its shareholders with all financial information, in both French and English, in the "Investors" section of its website at www.fnacdarty.com; this includes regulated information pursuant to the provisions of Articles 221-1 et seq. of the AMF General Regulations.

The publication of the annual and half-year results as well as revenue for the first and third quarter are notified in press releases in French and English. These press releases, which are made available online on the Company's website and which are sent via the usual regulatory channels (wire), are also sent by email to the entire investor base within Fnac Darty's Customer Relationship Management (CRM), as well as to any individual who wishes to receive them. Investors can request a copy of these reports directly on the Company's website, under the heading "Contacts" of the "Investors" section, or by writing to the Investor Relations and Financial Communication Department either by email to investisseurs@fnacdarty.com or by mail to the following address:

Fnac Darty – Investor Relations
9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine, France

After each report is published, there is a conference call and/or a face-to-face meeting for the annual results so that the Company's results and strategy can be presented. These meetings are interpreted simultaneously into English and broadcast by phone and online in French and English.

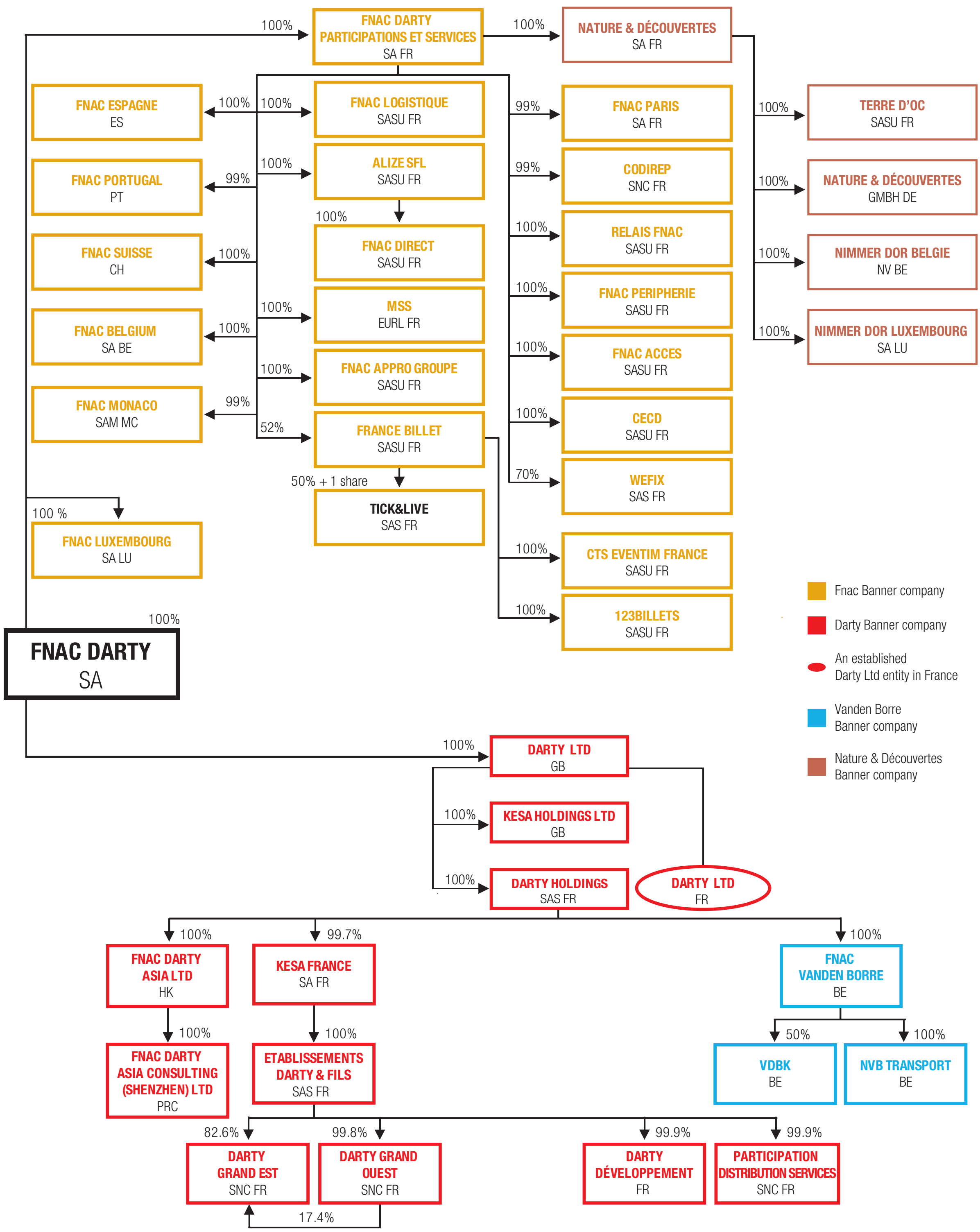
Dialogue with shareholders on topics related to governance is handled by senior management, the Chairman, the Investor Relations team, and the Legal Department. Shareholders also have a dedicated area on the Group's website under the heading "Shareholders" in the "Investors" section, where they can find all documents relating to the General Meetings and information about becoming a shareholder. Lastly, all shareholders are welcome to ask questions either by email to actionnaires@fnacdarty.com or by mail to the following address:

Fnac Darty – Shareholder Relations
9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine, France

7.7 / Organization of the Group

7.7.1 / SIMPLIFIED GROUP ORGANIZATIONAL CHART

The following simplified organizational chart shows the legal structure of the Group's main subsidiaries as of December 31, 2020.



7.7.2 / MAIN SUBSIDIARIES

7.7.2.1 / General Overview

Fnac Darty is the parent company of a group of companies including, as of December 31, 2020, 51 consolidated subsidiaries (33 in France, one in Monaco and 15 in other countries). The Company also heads a tax consolidation group consisting of 24 French subsidiaries.

The Company is a holding company with no operating activities in its own right. Its principal asset is nearly 100% of the shares of Fnac Darty Participations et Services SA and Darty Ltd. The simplified organizational chart provided in section 7.7.1 “Simplified Group organizational chart” includes the main subsidiaries and all direct and indirect holdings of the Company as of December 31, 2020. The consolidated subsidiaries are also listed in Note 39 “List of subsidiaries consolidated as of December 31, 2020” of the Company’s 2020 consolidated financial statements in section 5.2.

For a description of the main transactions occurring within the Group, see section 7.8.3 “Major intra-group transactions” of this Universal Registration Document.

7.7.2.2 / Main subsidiaries

Fnac Darty’s main direct and indirect subsidiaries are described below:

- **Fnac Darty Participations et Services SA** is a French limited company (société anonyme) with capital of €324,952,656. Its registered office is located at ZAC Port d’Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 775661390. Fnac Darty holds nearly 100% of the capital and voting rights of Fnac Darty Participations et Services SA. Fnac Darty Participations et Services SA is directly or indirectly the parent company of all the subsidiaries of the Banner and provides most of the management and support functions for the Banner: Operations Department, Department of Information Systems, Sales Department, Purchasing Department, Operating Department, Communications Department, Marketing and Brand Department, Financial Department, Internal Audit Department, Legal Department, Tax Department and Human Resources Department.
- **Fnac Paris** is a French limited company (société anonyme) with capital of €58,500. Its registered office is located at ZAC Port d’Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 350127460. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Paris. Fnac Paris’ main business activity is the operation of the Banner’s stores.
- **Fnac Direct** is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €13,583,280. Its registered office is located at ZAC Port d’Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 377853536. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Direct. Fnac Direct’s main business activity is the operation of the fnac.com website.
- **Relais Fnac** is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €70,777,648. Its registered office is located at ZAC Port d’Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 334473352. Fnac Darty indirectly holds 100% of the capital and voting rights of Relais Fnac. Relais Fnac includes most of the Banner’s regional departments and operates the Banner’s stores.
- **France Billet** is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €352,512. Its registered office is located at ZAC Port d’Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 414948695. Fnac Darty indirectly holds 52% of the capital and voting rights of Fnac Billet. France Billet’s main business activity is the marketing and retailing of tickets for sporting, artistic, cultural, tourism and entertainment events via a network of local sales outlets, as well as on the fnac.com and francebillet.com websites. A minority share of 48% of France Billet’s capital and voting rights is held by the CTS Eventim group. France Billet is governed by the company’s bylaws and a shareholders’ agreement under which Fnac Darty retains exclusive control of France Billet.
- **Codirep** is a French general partnership company (société en nom collectif) with capital of €23,085,326. Its registered office is located at ZAC Port d’Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 343282380. Fnac Darty indirectly holds 100% of the capital and voting rights of Codirep. Codirep’s main business activity is the operation of the Banner’s stores.

- **Alizé-SFL** (Société Française du Livre) is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €38,962,737. Its registered office is located at 3, avenue Charles-Lindbergh in Wissous (91320) (France) and it is registered with the Évry Trade and Companies Registry under Number 349014472. Fnac Darty indirectly holds 100% of the capital and voting rights of Alizé-SFL. The principal activity of Alizé-SFL is the operation of a bookstore located at 11, rue Rottembourg in Paris in the 12th district, and the supply of services to municipalities, businesses and professionals for their book acquisitions.

- **Fnac Périphérie** is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €8,559,675. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 434001954. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Périphérie. Fnac Périphérie's main business activity is the operation of the Banner's stores.

- **Fnac Logistique** is a French single-shareholder simplified joint stock company (société par actions simplifiée unipersonnelle) with capital of €8,148,416. Its registered office is located at ZAC Port d'Ivry, 9, rue des Bateaux-Lavoirs, 94200 Ivry-sur-Seine (France) and it is registered with the Créteil Trade and Companies Registry under Number 414702506. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Logistique. Fnac Logistique's main business activity is the operation of the Banner's warehouses.

- **Grandes Almacenes Fnac España** is a Spanish single-shareholder limited company (SAU) with capital of €1,202,000. Its registered office is located at Paseo de la Finca 1, Edificio 11 – 2ª planta, 28223 Pozuelo de Alarcón, Madrid (Spain) and it is registered with the Madrid Companies Registry under Number A-80/500200 (Tax ID number). Fnac Darty indirectly holds 100% of the capital and voting rights of Grandes Almacenes Fnac España. Grandes Almacenes Fnac España's main business activity is the operation of the Banner's Spanish stores (38 as of December 31, 2020) and website.

- **Fnac Portugal** is a Portuguese limited liability company *(Sociedade por Quotas de Responsabilidade Limitada)* with capital of €250,000. Its registered office is located at Edifício Amoreiras Plaza, Rua Professor Carlos Alberto Mota Pinto, No. 9-6B, 1070-374 Lisbon (Portugal) and it is registered with the Lisbon Companies Registry *(Conservatoria do Registo Comercial)* under Number 503952230. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Portugal. Fnac Portugal's main business activity is the operation of the Banner's Portuguese stores (34 as of December 31, 2020) and website.

- **Fnac Belgium** is a Belgian limited company with capital of €3,072,000. Its registered office is located at Slesbroekstraat 101, 1600 Sint-Pieters-Leeuw (Belgium) and it is registered with the Brussels Registry of Legal Entities under Number 0421 506 570. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Belgium. Fnac Belgium's main business activity is the operation of the Banner's Belgian stores (12 points of sale as of December 31, 2020).

- **Fnac Suisse** is a Swiss limited company with capital of CHF 100,000. Its registered office is located at 5, route des Moulières, 1242 Satigny (Switzerland) and it is registered with the Canton of Geneva Trade Registry under Federal Number CH-660.0.404.000-9. Fnac Darty indirectly holds 100% of the capital and voting rights of Fnac Suisse. Fnac Suisse's main business activity is running Fnac's activities in Switzerland (nine points of sale and four shop-in-shops as of December 31, 2020).

- **Établissements Darty et Fils** is a French simplified joint stock company (société par actions simplifiée) with capital of €23,470,382. Its registered office is located at 129, avenue Gallieni, 93140 Bondy (France) and it is registered with the Bobigny Trade and Companies Registry under Number 542086616. Établissements Darty et Fils SAS is the parent company of two regional subsidiaries. The first, Darty Grand Ouest, is a French general partnership company with capital of €30,612. Its registered office is located at Parc Tertiaire de l'Éraudière, 32, rue Coulongé, 44300 Nantes (France), and it is registered with the Nantes Trade and Companies Registry under Number B 339 403 933. The second, Darty Grand Est, is a French general partnership company with capital of €394,205. Its registered office is located at RN 6 Lieu-dit l'Époux 69760 Limonest (France) and it is registered with the Lyon Trade and Companies Registry under Number B 303 376 586. The main business activity of Établissements Darty et Fils SAS, Darty Grand Ouest SNC and Darty Grand Est SNC is the operation of Darty banner stores. Établissements Darty et Fils SAS also operates the website darty.com. These three subsidiaries had 223 points of sale as of December 31, 2020.

- **Darty Développement** is a French simplified joint stock company (société par actions simplifiée) with capital of €50,000. Its registered office is located at 14, route d'Aulnay, 93140 Bondy (France) and it is registered with the Bobigny Trade and Companies Registry under Number 490596020. The main business activity of Darty Développement SAS is the development of the network of franchise stores under the Darty banner and licensed stores. The network of franchise stores and licensed stores consisted of 210 points of sale as of December 31, 2020.

- **Fnac Vanden Borre SA** is a Belgian limited company with share capital of €22,652,461. Its registered office is located at Slesbroekstraat 101, 1600 Saint Pieters-Leeuw (Belgium) and it is registered with the Brussels Registry of Legal Entities under VAT Number BE 04 1207 23419. The main business activity of Fnac Vanden Borre SA is operating Vanden Borre banner stores in Belgium (72 stores and one shop-in-shop as of December 31, 2020).
- **Nature & Découvertes** is a French limited company (société anonyme) with capital of €57,650,500. Its registered office is located at 11, rue des Étangs-Gobert, 78008 Versailles (France) and it is registered with the Versailles Trade and Companies Registry under Number 378702674. Its main business activity is operating Nature & Découvertes banner stores. Nature & Découvertes has 99 points of sale as of December 31, 2020.

BCC Elektro Speciaalzaken BV is a Dutch limited liability company. Its registered office is located in Amstelveen and it is established at Bellsingel 61, Schiphol-Rijk (the Netherlands). It is registered with the Dutch Chamber of Commerce under Number 33156765, and its main business activity is operating BCC banner stores in the Netherlands. Its activity was reclassified as discontinued (IFRS 5) in 2019 and it was sold to Mirage Retail Group BV, a Dutch group, during the year ended December 31, 2020.

7.7.2.3 / Recent acquisitions and disposals

The main acquisitions and disposals made by the Group during the period covered by the financial statements are described in Note 3.1 “Changes in the scope of consolidation” in the consolidated financial statements in section 5.2.

7.8 / Related-party transactions

7.8.1 / RELATED PARTY TRANSACTIONS

Related party transactions are described in Note 35 to the consolidated financial statements.

7.8.2 / REGULATED AGREEMENTS

Fnac Darty SA did not enter into any regulated agreements over the period ended December 31, 2020.

7.8.3 / MAJOR INTRA-GROUP TRANSACTIONS

- **Tax consolidation agreement:** in 2013, a regulated agreement was signed by Fnac Darty and its French subsidiaries in which it holds at least 95% of the share capital for the purposes of creating a tax consolidation group in France, effective January 1, 2013. This agreement was approved by the Ordinary General Meeting of May 15, 2014 pursuant to Article L. 225-40 of the French Commercial Code. In its annual review of regulated agreements in force, on February 26, 2015, the Board of Directors decided to reclassify this agreement as a current agreement concluded under normal conditions in accordance with Article L. 225-39 of the French Commercial Code. On January 1, 2021, a majority of the Darty Group's French subsidiaries, in particular Établissements Darty et Fils, Darty Grand Ouest and Darty Grand Est, were signed up to the tax consolidation agreement.
- **Cash investment and financing agreement:** Fnac Darty Participations et Services SA has entered into agreements with some of its subsidiaries in France, Belgium, Spain, Switzerland, and Portugal, as well as with the following companies: Établissements Darty & Fils, Darty Grand Ouest, Darty Grand Est, Darty Développement, A2I Darty Ouest, A2I Darty Rhône-Alpes, A2I Île-de-France, Darty Holdings, Kesa France, and CECD. The purpose of these agreements is to centralize the Group's cash management in order to encourage coordination and optimization of the utilization of cash surpluses or coverage of aggregate cash requirements within the Group. Pursuant to the agreements, these subsidiaries deposit any cash surpluses they do not use to finance their operation and their investment program with Fnac Darty Participations et Services SA, in exchange for which Fnac Darty Participations et Services SA finances their working capital requirements and capital expenditure.
- **Buying agent and reference centralized listing agreements:** some of the Group's French subsidiaries as well as its Spanish, Portuguese, Swiss and Belgian subsidiaries have concluded purchasing agent agreements with Fnac Darty Participations et Services SA or Fnac Appro Groupe ("FAG") for terms of one year that are renewable for each period for an identical term. The purpose of these agreements is to grant Fnac Darty Participations et Services SA or FAG, as appropriate, a mandate to define the relevant subsidiary's procurement policy, select its suppliers and certain products sold in its stores, negotiate the purchasing conditions for those products and distribute and disseminate those products and services. Fnac Darty Participations et Services SA has also entered into centralized product listing agreements with some of the Group's French subsidiaries that have a similar purpose to the purchasing agent agreements but also include the purchase of certain products on behalf of each contracting subsidiary. In exchange for these services, Fnac Darty Participations et Services SA or FAG, as appropriate, receives from the relevant subsidiary a percentage of the revenue from the products purchased on its behalf. A purchasing agent agreement between Fnac Darty Participations et Services, as the first party, and Établissements Darty & Fils SA, Darty Grand Ouest and Darty Grand Est, as the second party, also entered into force in 2018.

  In addition, Alizé-SFL has entered into purchasing agent agreements for terms of one year, renewable for additional periods of the same length, with some of the Group's French subsidiaries. The purpose of these agreements is to grant Alizé-SFL a mandate to negotiate the purchasing conditions and to purchase the merchandise, including books, on behalf of each relevant subsidiary. In exchange, Alizé-SFL receives a fixed payment from the relevant subsidiary per number of products billed.

- **Service agreements:** Fnac Darty SA entered into two service agreements with Fnac Darty Participations et Services SA and Établissements Darty & Fils SA for a renewable one-year term. The purpose of these agreements is to provide the contracting subsidiaries with the expertise of Fnac Darty SA as it relates to the following: Chairmanship, Strategy Department, definition of the Group's marketing policy, organization and coordination of the finance function, definition of IT system requirements, definition of HR policy. A service agreement also binds Fnac Darty SA with Fnac Vanden Borre and BCC.
- Fnac Darty Participations et Services SA has entered into **service agreements** with some of its French subsidiaries and its foreign subsidiaries, generally for a term of one year and renewable for additional periods of the same length. The purpose of these agreements is to provide the contracting subsidiaries with the expertise of Fnac Darty Participations et Services SA as it relates to the following, according to the subsidiary: communication, accounting, risk prevention, optimization of cash pooling (for companies that use cash pooling), internal auditing, management of overheads, legal, management control, IT, human resources management, marketing, development, strategy, logistics and product marketing. Fnac Darty Participations et Services SA's compensation is determined on the basis of the annual expenses incurred to provide the relevant services and is allocated between the subsidiaries receiving the services based on criteria that take into account the beneficiaries' effective revenues and level of services provided.
- **"Fnac in a box" agreements:** Fnac Darty Participations et Services SA has entered into software license agreements with its Belgian and Swiss subsidiaries for Fnac in a Box (FIB); the agreements are for a two-year term and are renewable with tacit consent for three-year terms. The purpose of these agreements is to grant the relevant subsidiary a non-exclusive user license for the FIB software for its operating needs, solely within the territory of the country in which it is based. In exchange, Fnac Darty Participations et Services SA receives an annual license fee, calculated annually based on software development, maintenance and investment costs.
- **Trademark licensing agreements:** Fnac Darty Participations et Services SA has entered into two- or three-year trademark licensing agreements that are renewable for a one-year term with some of its French subsidiaries and all of its foreign subsidiaries. The purpose of these agreements is to grant, solely for the territory of the country in which the subsidiary is based, a non-exclusive license to use "Fnac" trademarks and all other templates and trademarks required to operate a Fnac store or websites belonging to the Group. In exchange, Fnac Darty Participations et Services SA receives an annual license fee based on a percentage of the relevant subsidiary's revenues.

Related party transactions are described in Note 35 to the consolidated financial statements.

7.9 / Major contracts

The major contracts to which the Group has been party over the last two years are presented in section 4.2.2.2, paragraph "Group financing tied to the Darty acquisition transaction", and section 7.8 "Related party transactions" in this Universal Registration Document.

8

Additional information

8.1 / Persons responsible

8.1.1 / PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Enrique Martinez, Chief Executive Officer of Fnac Darty.

8.1.2 / CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

"I declare that the information contained in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omission that might affect its import.

I declare that, to the best of my knowledge, these financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the financial position and profit or loss of the Company and of all consolidated companies, and that the Management Report (for which the cross-reference table is presented in section 8.8.1 herein) includes a fair review of the development and performances of the Company and the companies forming part of the consolidated group, and that it describes the main risks and uncertainties they face."

Ivry-sur-Seine, March 18, 2021

Enrique Martinez

Chief Executive Officer of the Group

8.1.3 / PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Jean-Brieuc Le Tinier

Group Chief Financial Officer

Le Flavia
9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine (France)

8.2 / Statutory Auditors

Incumbent Statutory Auditors

Deloitte & Associés

Represented by Guillaume Crunelle

6, place de la Pyramide
92908 Paris La Défense Cedex
France

Deloitte & Associés is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Regional Association of Auditors of Versailles).

KPMG Audit, a department of KPMG SA

Represented by Éric Ropert

Tour Eqho
2, avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

KPMG is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles (Regional Association of Auditors of Versailles).

8.3 / Statutory Auditors' fees

The Statutory Auditors' fees are presented in Note 37 of section 5.2 "Notes to the consolidated financial statements for the period ended December 31, 2020", with regard to the consolidated financial statements of this Universal Registration Document.

8.4 / Information from third parties, expert certifications and declarations of interests

Some of the market data in chapter 1 "Presentation of the Group" in this Universal Registration Document comes from third-party sources. The Company certifies that this information was faithfully reproduced and that, to the knowledge of the Company and based on the data reported or provided by these sources, no fact has been omitted that would render this information inaccurate or misleading.

8.5 / Availability of financial documents and reports

Copies of this Universal Registration Document are available free of charge from the Company's registered office. This document may also be viewed on the Company's website (www.fnacdarty.com) and on the website of the French Financial Markets Authority (www.amf-france.org).

While this Universal Registration Document is valid, the following documents (or a copy of these documents) may be viewed on the Company's website (www.fnacdarty.com):

- the latest available updated version of the Fnac Darty by-laws;
- any reports, correspondence and other documents, assessments and statements prepared by an expert at the Company's request, any part of which is included or referred to in the Universal Registration Document;
- information about the Darty plc acquisition offer; and
- historical information about Darty plc.

All such legal and financial documents relating to the Company and made available to shareholders in accordance with applicable regulations may be viewed at the Company's registered office.

Regulated information pursuant to the AMF General Regulations has also been available on the Company's website since the Company's shares were admitted to trading on Euronext Paris.

The Fnac Darty business Code of Conduct is also available on the Group's website, www.fnacdarty.com, under the ESG Commitments section.

Information on the Company's website (www.fnacdarty.com), except information incorporated by reference, is not part of this Universal Registration Document. As such, this information has not been reviewed or approved by the AMF.

For 2020, the list of financial documents and reports published by Fnac Darty is as follows (information is available on the Company's website, www.fnacdarty.com, under the Investors section):

Date	Subject
01/08/2020	Information on the total number of voting rights and shares
01/16/2020	Fnac Darty: 2019 estimated performance
02/03/2020	Fnac Darty Group communication
02/13/2020	Information on the total number of voting rights and shares
02/26/2020	Fnac Darty: 2019 results
03/04/2020	Information on the total number of voting rights and shares
03/17/2020	Implementation of measures against the spread of Covid-19 – Consequences for the Fnac Darty Group
04/19/2020	Impact of the Covid-19 crisis: first quarter revenues down 7.9% in reported data
04/21/2020	Filing of the 2019 Universal Registration Document
04/21/2020	Information on the total number of voting rights and shares
05/05/2020	Information on the total number of voting rights and shares
05/06/2020	Availability of documentation for the General Meeting of May 28, 2020
06/11/2020	Information on the total number of voting rights and shares
06/17/2020	Excellent recovery in post-lockdown activity after robust sales in April thanks to strong e-commerce growth – Initial estimates of the impacts of the Covid-19 crisis
07/02/2020	Half-year report on the liquidity agreement
07/16/2020	Information on the total number of voting rights and shares
07/29/2020	Half-year results 2020
07/30/2020	Availability of 2020 Interim Financial Report
08/10/2020	Information on the total number of voting rights and shares
09/14/2020	Information on the total number of voting rights and shares
09/17/2020	Publication of the FEVAD report – Fnac and Darty, the most popular brands in the second quarter, with very strong growth in audience traffic: confirmation of the relevance of the omnichannel model
09/28/2020	Fnac Darty enters into exclusive negotiations with Mirage Retail Group for the envisaged sale of BCC in the Netherlands
10/08/2020	Information on the total number of voting rights and shares
10/21/2020	Strong revenue growth of 7.3% in the third quarter of 2020
10/30/2020	Statement from Enrique Martinez, CEO of Fnac Darty
11/05/2020	Information on the total number of voting rights and shares
11/12/2020	Fnac Darty is rated 48/100 by V.E (Vigeo Eiris), up 4 points compared with 2019 and well above the average sector rating of 32/100, highlighting its CSR commitments
11/20/2020	Fnac Darty information – Black Friday postponed
11/25/2020	Fnac Darty finalizes the sale of its subsidiary BCC in the Netherlands to Mirage Retail Group
12/10/2020	Information on the total number of voting rights and shares

8.6 / Information on equity investments

Information relating to companies in which the Company holds a percentage of equity that could have a material impact on the value of its assets, financial position or its earnings is provided in section 7.7 "Organization of the Group" and in Note 39 "List of subsidiaries consolidated as of December 31, 2020" in section 5.2, "Notes to the consolidated financial statements for the period ended December 31, 2020".

8.7 / Documents incorporated by reference

Pursuant to Article 19 of European Regulation 2017/1129, the following elements are incorporated by reference in this Universal Registration Document:

- for the period ended December 31, 2018: key figures, Group businesses, business report, investment policy, consolidated financial statements and the related Statutory Auditors' Report presented in 2018 Registration Document No. D. 19-0166, filed with the AMF on March 18, 2019, on pages 137 to 139, 20 to 38, 135 to 160, 157 to 159, 164 to 241 and 259 to 264, respectively (https://www.fnacdarty.com/wp-content/uploads/2019/03/FNAC_DARTY_URD_2019_VF_PDFinteractif.pdf);
- for the period ended December 31, 2019: key figures, Group businesses, business report, investment policy, consolidated financial statements and the related Statutory Auditors' Report presented in 2019 Universal Registration Document No. D. 20-0323, filed with the AMF on April 20, 2020, on pages 164 to 166, 22 to 45, 161 to 188, 185 to 186, 192 to 279 and 298 to 308, respectively (https://www.fnacdarty.com/wp-content/uploads/2020/04/FNAC_DARTY_URD_2019_VF_PDFinteractif.pdf).

The information contained in the 2018 Registration Document and the 2019 Universal Registration Document, other than that mentioned above, is, where applicable, replaced or updated by the information contained in this Universal Registration Document. The 2018 Registration Document and the 2019 Universal Registration Document are available at the Company's headquarters and on its website at www.fnacdarty.com, under the Investors section.

8.8 / Cross-reference tables

8.8.1 / MANAGEMENT REPORT CROSS-REFERENCE TABLE (ARTICLES L. 225-100 ET SEQ. OF THE FRENCH COMMERCIAL CODE)

Management Report categories	Section	Page
Information relating to the activity of the Company and the Group	**4.1**	**198**
Company and Group position during the period ended, foreseeable developments, and important events since the balance sheet date	4.3	227
Business and results of the Company, its subsidiaries and controlled companies by business line	4.1.3.1; 4.1.4	210; 216
Objective and exhaustive analysis of developments in the Company and the Group's business, results and financial position (in particular the debt level) – With reference to the amounts shown in the financial statements and additional explanations relating thereto	4.2	219
Key performance indicators of financial and non-financial nature, where relevant	4.1	198
Description of the main risks and uncertainties of the Company and the Group	6	351
Internal control and risk management procedures implemented by the Company relating to the preparation and processing of accounting and financial information for the Company and the Group	6.7	370
Objective and policy of hedging transactions for which hedge accounting is used by the Company and the group Exposure to price, credit, liquidity and treasury risks of the Company and the Group Use of Company and Group financial instruments	5.2. note 11	271
Financial risks related to the effects of climate change and presentation of the measures taken by the Company and Group to reduce them (low-carbon strategy)	2.4	85
Research and development activity of the Company and the Group and its branches	1.8	43
Legal, financial and tax information of the Company		
Breakdown of shareholding structure and changes	7.3.1	398
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Employee share ownership	7.3.1	398
Acquisition and sale by the Company of treasury shares (share buybacks)	7.2.3	385
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Adjustments to the basis of exercise of securities giving access to the capital in the event of share buybacks	n.a.	n.a.
Adjustments to the basis of exercise of share subscription and purchase options in the event of share buybacks	n.a.	n.a.

Management Report categories	Section	Page
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Supplier and customer payment schedules	5.2 note 16.5	336
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Information relating to the operation of SEVESO facilities (Art. L. 515-8 of the French Environmental Code)	n.a.	n.a.
Inclusion of the Vigilance Plan in the Management Report	2.5.3	105
Anti-corruption measure (Law no. 2016-1691 of December 9, 2016 known as the “Sapin II” Law)	2.5.2	103
Information on corporate officers		
Summary statement of securities transactions by persons exercising managerial responsibilities and closely related persons	3.2.4	166
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Non-financial Performance Declaration	2	45
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Table of the Company’s results for each of the last five years	5.4 note 19	338
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8.8.2 / CROSS-REFERENCE TABLE OF THE REPORT ON CORPORATE GOVERNANCE (ARTICLES L. 225-37 ET SEQ. OF THE FRENCH COMMERCIAL CODE)

Titles	Section	Page
Information on compensation	3.3	168
Compensation policy for corporate officers	3.3.1	168
Information referred to in I of Article L. 22-10-9 of the French Commercial Code for each corporate officer	3.3.2	175
Compensation and benefits of all kinds paid during the year or granted in respect of the year to each corporate officer (L. 22-10-9, Section I, paragraph 1 of the French Commercial Code)	3.3.2	175
Relative proportion of fixed and variable compensation (L. 22-10-9, Section I, paragraph 2 of the French Commercial Code)	3.3.2	175
Use of the option to request the recovery of variable compensation (L. 22-10-9, Section I, paragraph 3 of the French Commercial Code)	n.a.	n.a.
Commitments of all kinds made by the company in favor of its corporate officers, corresponding to compensation, indemnities or benefits due or likely to be due as a result of the assumption, termination or change in their duties or subsequent to the exercise thereof (L. 22-10-9, Section I, paragraph 4 of the French Commercial Code)	3.3.1	168
Compensation paid or allocated by a company falling within the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code (L. 22-10-9, Section I, paragraph 5 of the French Commercial Code)	n.a.	n.a.
Ratios between the level of compensation of each executive corporate officer and the average and median compensation of the company's employees (L. 22-10-9, Section I, paragraph 6 of the French Commercial Code)	3.3.2.4	188
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Variation from the procedure to implement the compensation policy and any exceptions (L. 22-10-9, Section I, paragraph 10 of the French Commercial Code)	n.a.	n.a.
Application of the provisions of paragraph two of Article L. 225-45 of the French Commercial Code (suspension of payment of directors' compensation in the event of non-compliance with gender equality of the Board of Directors) (L. 22-10-9, Section I, paragraph 11 of the French Commercial Code)	n.a.	n.a.
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8.8.3 / ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE (ARTICLE 222-3 OF THE AMF GENERAL REGULATIONS)

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8.8.4 / CORRESPONDENCE WITH THE SECTIONS OF APPENDICES 1 AND 2 OF EUROPEAN REGULATION NO. 2019/980

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8.8.5 / CONSISTENCY TABLE OF THE NON-FINANCIAL PERFORMANCE DECLARATION

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■ the company's ability to cover its civil liability to property and persons as a result of the use of such facilities;	n.a.
■ resources scheduled by the Company to manage the compensation of victims in the event of a technological accident engaging its liability (L. 225-102-2 of the French Commercial Code)	n.a.
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8.8.6 / ESEF CONSISTENCY TABLE

See chapter 5, Note 41.

8.9 / Glossary of alternative performance indicators and current terms

Financial glossary – Alternative performance indicators

Indicator title	Indicator definition
EBITDA	Current operating income before depreciation, amortization and provisions on fixed operational assets
EBITDA excluding IFRS 16	EBITDA including rental expenses within the scope of IFRS 16
Free cash flow from operations	Net cash flows related to operating activities less net operating investments
Free cash flow from operations, excluding IFRS 16	Free cash flow from operations including impacts relating to rents within the scope of IFRS 16
Change in revenues at a constant exchange rate	Change in revenues at a constant exchange rate means that the impact of changes in exchange rates has been excluded. The exchange rate impact is eliminated by recalculating sales for period N-1 using the exchange rates used for period N
Change in revenues at a comparable scope of consolidation	Change in revenues at a comparable scope of consolidation means that the impact of changes in the scope of consolidation is altered so as to exclude the modifications (acquisition, sale of subsidiary). Revenues of subsidiaries acquired or sold since January 1 of period N-1 are, therefore, excluded when calculating said change
Change in revenues on a like-for-like basis	Change in revenues on a like-for-like basis means that the impact of directly owned store openings and closures is excluded. Revenues of stores opened or closed since January 1 of period N-1 are excluded from calculations of the change
Net financial income excluding IFRS 16	Financial result minus financial interest on leasing debt
Net financial debt	Gross debt minus gross cash and cash equivalents
Net debt excluding IFRS 16	Net financial debt minus lease liabilities
Net cash	Gross cash and cash equivalents, minus gross debt
Net cash excluding IFRS 16	Net cash excluding leasing debt

Technical glossary

Title	Definition
B2B	Business to business
B2C	Business to customer
B2B2C	Business to business to customer
CGU	Cash Generating Unit
Click&collect	Click&collect is a service offered to consumers whereby they reserve or order products online before collecting them directly in store.
Click&mag	Click&mag is a service offered to consumers whereby a product that is not in stock in store can be delivered to them.
Click & mortar	Click & mortar refers to companies that offer additional sales processes combined with traditional retail sales in store, or at physical points of sale (offline) and website sales (online).
COI	Current operating income
Comex	Executive Committee
Consumer electronics	Photography, TV and Video, Sound (hi-fi, headsets and speakers), computers and tablets, telephony, connected objects
CSR	Corporate social responsibility
DoIS	Department of Information Systems
Domestic appliances	Domestic appliances include large domestic appliances (refrigerators, cookers, washing machines) and small domestic appliances (vacuum cleaners, cleaning appliances and small kitchen appliances).
DPEF (Non-financial Performance Declaration)	Non-financial Performance Declaration
DPO	Data Protection Officer
Editorial products	Books (physical or digital), audio (CD, vinyl), DVD/Blu-Ray, new and used video games and consoles and stationery
GDPR	General Data Protection Regulation
ISP	Internet Service Provider
LHA	Large domestic appliances
OIE	Other income and expense
PP	Pure player: this refers to companies who only sell products online.
SAV (after-sales service)	After-sales service
Services	After-sales services, insurance and warranties, gift boxes and gift cards, ticketing, Marketplace and franchise fees
Stat. Aud.	Statutory Auditors
User Experience Design	UX Design aims to improve site functionality to maximize user experience and encourage repeat visits.
VB	Volume of business
WEEE	Waste electrical and electronic equipment
Welcomer	Salesperson who greets and guides customers as they enter the store.

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Conception et réalisation : Edery

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