FNAC DARTY

INTERIM FINANCIAL REPORT

FINANCIAL STATEMENTS AT JUNE 30

2021

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FINANCIAL STATEMENTS AS OF JUNE 30

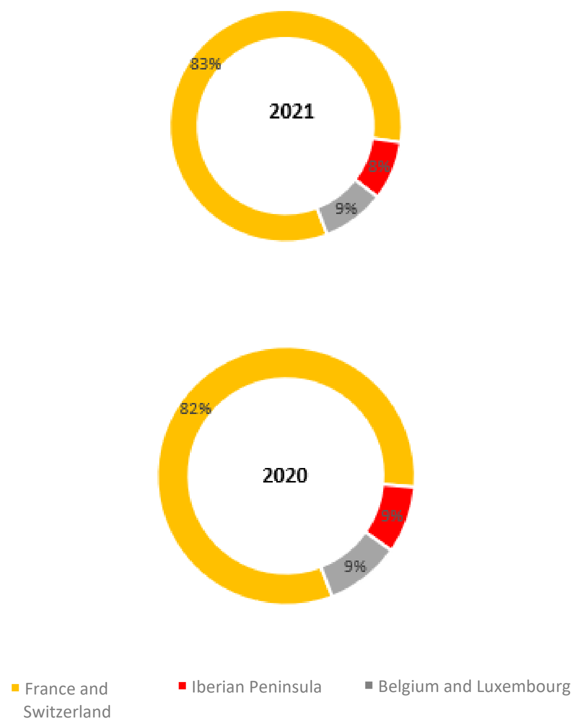
This Iterim Financal Report is a translation into English of the official version in French of the Iterim Financal Report, which is available on the AMF (www.amf-france.org) and Fnac Darty (www.fnacdarty.com) websites.

1 FIRST HALF OF 2021 – KEY FIGURES

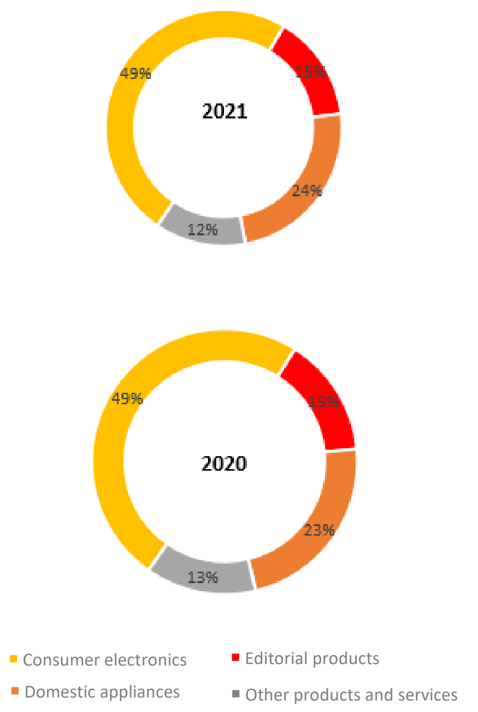
(€ million)	Period ended June 30 **2021**	**2020**	**Change**
Revenue	3,464.7	2,849.0	21.6%
Gross margin	1,028.8	844.2	21.9%
As % of revenue	29.7%	29.6%	0.1pt
EBITDA (1)	210.4	118.8	77.1%
As % of revenue	6.1%	4.2%	1.9pt
EBITDA (1) excluding IFRS 16	85.7	(5.0)	1,814.0%
As % of revenue	2.5%	(0.2%)	2.7pt
Current operating income	34.1	(57.6)	159.2%
As % of revenue	1.0%	(2.0%)	3.0pt
Operating income	31.6	(82.5)	138.3%
As % of revenue	0.9%	(2.9%)	3.8pt
Net income from continuing operations	(2.0)	(79.7)	97.5%
Net income from continuing operations, Group share	0.5	(76.7)	100.7%
Net income from discontinued operations, Group share	16.7	(41.6)	140.1%
Consolidated net income, Group share	17.2	(118.3)	114.6%
Net operating investments	46.4	49.8	(6.8%)
Free cash flow from operations	(451.2)	(379.9)	(18.8%)
Free cash flow from operations excluding IFRS 16	(577.3)	(503.0)	(14.8%)
Shareholders' equity	1,409.4	1,270.9	10.9%
Group share	1,407.6	1,262.3	11.5%
Net financial debt excluding IFRS 16	454.4	549.1	(17.2%)
Net financial debt connected with IFRS 16	1,049.6	958.3	9.5%
Net financial debt	1,504.0	1,507.4	(0.2%)
Average workforce	21,663	21,693	(0.1%)

(1) 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.

Breakdown of half-year revenue by geographical region



Breakdown of half-year revenue by product and service category



2 BUSINESS REVIEW

2.1 PREAMBLE – DEFINITIONS

Overview of the accounts

This financial information is prepared on the basis of reported information concerning:

- For the first half of 2021, the audited IFRS consolidated financial statements of Fnac Darty for the period ended June 30, 2021;

- For the first half of 2020, the audited IFRS consolidated financial statements of Fnac Darty for the period ended June 30, 2020.

Definition of revenue

The Group's "real" revenue (or income from ordinary activities) corresponds to its reported revenue.

The Group uses the following notions of change in revenue:

1- Change in revenue at constant exchange rates:

Change in revenue at constant exchange rates 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 revenue at comparable scope of consolidation:

The change in revenue at comparable scope of consolidation means that the effect of changes in scope is corrected to not take modifications (acquisition, disposal of subsidiaries) into account. Revenue from subsidiaries acquired or sold since January 1 of period N-1 is, therefore, excluded when calculating said change.

3- Change in revenue on a same-store basis:

The change in revenue on a same-store basis means that the impact of directly owned store openings and closures is excluded. Revenue from stores opened or closed since January 1 of period N-1 is, therefore, excluded when calculating said 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 transactions 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, Tax, Depreciation, Amortization and provisions on fixed operational assets from current operating income. The Group believes that this information assists investors in their analysis of the Group's performance. This indicator is also used in the context of the applicable financial covenants under the Loan Agreement. 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 Group has applied IFRS 16 in accordance with the modified retrospective method. The application of this standard significantly modifies the Group's EBITDA.

EBITDA = Earnings (current operating income) before interest, tax, 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 cash flow from operating activities 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 Group has applied IFRS 16 in accordance with the modified retrospective method. The application of this standard significantly modifies the Group's free cash flow from operations.

Free cash flow from operations = net cash flow from operating activities, less net operating investments.

Definition of net financial debt

Net financial debt is made up of gross debt including accrued interest not yet due as defined by the French National Accounting Council's recommendation no. 2013-03 of November 7, 2013, minus gross cash and cash equivalents. Since January 1, 2019, the Group has applied IFRS 16 in accordance with the modified retrospective method. 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 applicable for annual periods beginning on or after January 1, 2019, requires the recognition of an asset (the right of use) and a liability (lease liabilities) on the basis of discounted unavoidable rental payments.

The Group has applied IFRS 16 since January 1, 2019. In order to ensure the smooth 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.

With application of IFRS 16	Restatement of IFRS 16	Without application of IFRS 16
EBITDA Current operating income before depreciation, amortization and provisions on fixed operational assets	***Rent within the scope of IFRS 16***	**EBITDA excluding IFRS 16** EBITDA including leasing expenses within the scope of IFRS 16
Free cash flow from operations Net cash flow from operating activities, less net operating investments	***Disbursement of rents within the scope of IFRS 16***	**Free cash flow from operations, excluding IFRS 16** Free cash flow from operations, including impacts relating to rents within the scope of IFRS 16
Net cash Gross cash and cash equivalents less gross financial debt	***Leasing debt***	**Net cash excluding IFRS 16** Net cash excluding leasing debt
Net financial debt Gross financial debt less gross cash and cash equivalents	***Leasing debt***	**Net debt excluding IFRS 16** Net financial debt less leasing debt
Net financial income	***Financial interest on lease liabilities***	**Net financial income excluding financial interest on rental debt**

Rounding

The following tables contain data rounded off individually. The arithmetic calculations performed on the basis of rounded-off items may differ from the line items or sub-totals shown.

2.2 HIGHLIGHTS AND INFORMATION FOR THE HALF-YEAR PERIOD

Fnac Darty recorded **revenue** of €3,465 million in the first half of 2021, up by +21.6% on a reported basis and by +21.3% on a like-for-like basis[1] compared to the first half of 2020, driven both by an increase in volumes and in average basket. This solid growth is based on continued growth in online sales at +7.1%[1], despite a very high comparison basis effect last year during the first lockdown, and on strong in-store momentum of +27.8%[1], despite operating conditions still penalized by the continuation of health restrictions over the half-year. Thus in France, after the closure of shopping malls and shops of more than 20,000 sq.m. and then of more than 10,000 sq.m. and the introduction of a curfew at the beginning of the year, a third national lockdown was put in place from April 3 to May 18 inclusive, leading to the closure of several Group stores. In Belgium, the government imposed a strict lockdown from March 27 to May 11 inclusive, resulting in the closure of non-essential businesses, with no major impact on the Group's brands. In Switzerland, the stores were closed for a month and a half from January 18. Finally, on the Iberian Peninsula, regional lockdowns were imposed with continued footfall control, hourly restrictions in some stores and closures for shopping mall stores.

Gross margin for the half-year was €1,029 million, up compared to the first half of 2020. The gross margin rate remained at a high level of 29.7%, up +10 basis points year-on-year and up +65 basis points excluding the impact of ticketing and franchise. Indeed, the decrease in ticketing sales in the first half of 2021 caused by government measures imposed on the entertainment industry compared with the start to 2020 unaffected by these measures, as well as the decline in the Nature & Découvertes activity associated with the closing of the brand's stores for several weeks, negatively impacted the Group's gross margin rate over the six months. Moreover, the high franchise activity, up +63% over the half-year, also had a dilutive technical impact on the gross margin. These effects were more than offset by a more favorable product mix and by a good services performance in a context where fewer stores were closed compared to the first half of 2020.

Good control of **operational costs** during the first half allowed the Group to show a material decrease in costs expressed as a percentage of revenue of 300 basis points at 28.7%, despite a slight increase in logistics costs of nearly €3 million, caused by more home deliveries over the period, in line with increased online sales.

EBITDA totaled €210 million, including €125 million related to the application of IFRS 16, up €92 million compared to the first half of 2020.

Current operating income amounted to €34 million in the first half of 2021, up €92 million compared to the first half of 2020. Current operating income for the half-year was also higher than that for the first half of 2019, which was €32 million, on a comparable basis[2], despite ticketing and business on the Iberian Peninsula still heavily impacted by the crisis. The current operating margin rate for the first half of 2021 is in line with that for the first half of 2019, on a comparable basis[2].

Once non-recurring items, financial expenses of €25 million and a tax expense of €9 million were taken into account, **net income, Group share, from continuing operations** for the first half of 2021 posted growth of €77 million to reach €0.5 million in the first half of 2021. Consolidated net income, Group share increased by €136 million compared with the first half of 2020 to €17 million.

Free cash flow from operations, excluding IFRS 16, amounted to -€577 million in the first half of 2021, down on the year mainly due to the unfavorable change in the working capital requirement caused in particular by the need to replenish the inventories following the strong sales momentum in the last quarter of 2020, which continued in the first half of 2021, and the anticipated purchases of goods against a background of shortages of certain components essential to manufacturing products sold by the Group. At the end of June 2021, the Group's inventory level is broadly in line with that at the end of June 2019.

[1] *Like-for-like basis: excludes effect of changes in foreign exchange rates, changes in scope, store openings and closures.*
[2] *Including Nature & Découvertes for the full year and excluding BCC.*

IMPLEMENTING THE AIMS OF THE STRATEGIC PLAN EVERYDAY

On February 23, Fnac Darty unveiled its strategic plan Everyday with the ambition of being, both on a daily basis and over the long term, a vital ally to consumers, helping them be sustainable in their consumption habits and in their daily household tasks.

The launch of Everyday is based on three goals that are to be achieved by 2025:

- Embodying new standards for successful digital and human omnichannel retail in the future;
- Helping consumers adopt sustainable practices;
- Rolling out the benchmark subscription-based home assistance service.

Embodying new standards for successful digital and human omnichannel retail in the future

During the half-year, Fnac Darty began to implement these aims by first pursuing the strengthening of the Group's **omnichannel platform** and **product offering**.

The e-commerce activities represent almost 28% of the Group's revenue and posted growth of +7% this half-year, despite a very high comparison basis effect and more intense competition. The winning of new online customers continued during the half-year with more than two million active new online customers gained over the period. As a reminder, the Group aims to achieve at least 30% of the Group's revenue online by 2025.

The Group has thus demonstrated the complementary nature of its stores and its digital platforms, and the relevance of its omnichannel model. In this regard, for Darty or for Fnac in France, the share of active customers[3] at the end of June 2021 across both channels, online and in-store, increased +4 points over a year. In addition, the share of active customers[3] in both Fnac and Darty brands stood at nearly 35%, up by +4 points over a year. Overall, the volume of active customers at the end of June[3] 2021 was up +7% year-on-year.

To support consumers' increasingly digital-oriented purchasing behavior and as part of its continuous improvement of the customer experience, the Group has entered into a partnership with the French start-up Glaze. The aim is to provide a new online merchandising tool to better inform customers and guide them in their purchasing actions by simplifying access to additional suggestions related to the selected product, directly visible on the pages of the Fnac.com and Darty.com websites. Consequently, in addition to live shopping, livestreaming, and the facility to video chat with a salesperson, which the Group rolled out in both brands during the half-year to bring the expertise of our 12,000 salespeople to e-commerce platforms, this new tool promotes an ever more immersive and effective online experience and allows the benefit of in-store advice to be translated into the digital sphere. The Group has also strengthened its streaming content offering through a partnership with BrutX, thus giving Fnac Darty customers the opportunity to discover the next generation of innovative streaming offered by Brut, free of charge. Lastly, the Group has continued to simplify its customer journey by launching the Click & Collect service provided by a salesperson in all integrated Darty stores and under test in some Fnac integrated stores with the objective of deploying the service to all stores in the coming months.

Furthermore, the momentum of Click & Collect held up thanks to the Group's dense geographical store network. Fnac Darty thus continued its expansion pace during the half-year, with the opening of 18 new stores, including 15 franchises. The store network now boasts 923 stores, 359 of which were franchises at the end of June. Lastly, the test phase initiated at the end of 2020 for the deployment of four Fnac shop-in-shops within Manor stores in Switzerland confirmed the operational feasibility and relevance of a larger-scale implementation, creating value for customers of both brands. As a result, a partnership agreement was recently concluded, with a total of 27 Fnac shop-in-shops to be deployed within Manor by the first half of 2022, significantly enhancing the presence of the Fnac brand in all regions of Switzerland. With this partnership, Fnac Darty aims to generate at least an additional €100 million in full-year revenue, without having a material impact on the Group's free cash-flow objective[4], which is expected to be approximately €500 million for the 2021–2023 period, despite the investments associated with implementing the partnership.

At the same time, the diversification of the product offering has strengthened this half of the year with new double-digit growth in the Urban Mobility, Home & Design and Games & Toys segments. In this regard, Fnac Darty continued to strengthen its urban mobility offering by signing a partnership with the French start-up Zeway, to distribute in-store and on the Group's e-commerce platforms, the swapperOne – the first scooter with a battery that can be recharged in 50 seconds by swapping battery at stations throughout Paris and its inner suburbs. In addition, the deployment of its Darty Kitchen offering also continued during the half-year with the opening of 11 new sales spaces, four fully owned and seven in franchise format. At the end of June 2021, the Group had more than 180 Kitchen points of sale, including 19 stores dedicated exclusively to this offering.

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[3] *Customers who have made at least two purchases in the last 12 months on a rolling basis.*
[4] *Excluding IFRS 16.*

Helping consumers adopt sustainable practices

The Group also continued its actions around **extending the life span of products**. The integration of WeFix continued, despite the difficult operational conditions imposed by the continuation of health restrictions, with the opening of 16 new points of sale, bringing the total number of points of sale to more than 130 at the end of June 2021. Note that the reconditioned products and accessories sales activities increased in a context in which in-store footfall was impacted by the current crisis. In addition, WeFix continued to deploy the XFORCE screen protection solution, voted product of the year 2021[5], and continued its partnership with Bouygues Telecom to repair its subscribers' phones. Lastly, the brand has partnered with OPPO, the leading brand in the smartphone and connected objects market, to become an OPPO authorized repairer, thus allowing it access to the brand's official spare parts. At the same time, the Group is continuing its drive to recruit 500 technicians as planned and is training its future home appliance repair workforce by starting seven training classes in several French cities with the aim of achieving 13 classes by the end of 2021. These various developments reinforce the Group's commitment to more responsible consumption and contribute to the objective of 2.5 million products repaired per year by 2025 (+50% compared to 2019).

Committed to acting on all the elements of the circular economy, the Group is also working to facilitate the reuse of products and this half of the year launched a PlayStation 4 trade-in service, enabling Fnac and non-Fnac customers to drop off their old consoles and controllers, which are still working. Moreover, as a leader in the retailing of cultural products, Fnac extended its partnership with the French start-up La Bourse aux Livres to offer a fast and efficient book collection service, in all Fnac stores in France, in order to give them a second life. These collection services enrich the Group's second-life offering, whose ambition is to incorporate 100% of "unsaleable" new products into a Second Life channel by 2025.

Lastly, in addition to the emphasis placed on extending the life span of products, the Group is continuing its actions in the other areas related to social and environmental responsibility. In this respect, Fnac Darty reaffirmed its commitment to climate issues by recently joining the Ambition 4 Climate initiative, which illustrates the concrete commitment of large companies to fighting climate change by introducing various projects to reduce carbon footprint. There, the Group describes its policy on the purchase of renewable energy, one of its priorities being to achieve its objective of reducing its CO_2 emissions by 50% by 2030[6]. And, for the third time in a row, Nature & Découvertes has obtained B Corp certification, demonstrating its continued commitment to supporting its customers in a sustainable way of life.

Rolling out the benchmark subscription-based home assistance service

Fnac Darty is making rapid progress in **services** by extending its unique subscription-based repair service offering, Darty Max, to new product categories: small domestic appliances, home cinema TV, sound, photo and multimedia[7]. This means three separate offers, Darty Max Essentiel at €9.99 (inc. tax) per month, Darty Max Evolution at €14.99 (inc. tax) per month and Darty Max Intégral at €19.99 (inc. tax) per month are now available to customers. These complementary offers are designed to meet customer repair expectations better and to enable us to cover every part of the house, with the ambition of reaching at least two million Darty Max subscribers by 2025.

Darty MAX Price incl. VAT	Essentiel €9.99/month	Évolution €14.99/month	Intégral €19.99/month
Large Domestic Appliances	●	●	●
Small Domestic Appliances		●	●
TV Home Cinema, Sound		●	●
Photography			●
Multimedia			●

5 *Study and test conducted on XFORCE Antibacterial by Nielsen/treetz on a total of more than 15,000 consumers in France, end of 2020 – poyfrance.com.*

6 *Compared to the 2019 level.*

7 *Almost all products covered by warranty extensions are eligible for Darty Max. Appliances not covered by Darty Max include smartphones, drones, urban mobility products, game consoles, connected watches and wristbands, digital picture frames, e-book readers, network hard drives, network attached storage, 3D printers, VR headsets, film cameras, radio MP3 players, portable minidisc players and portable CD players.*

The Group will also draw upon B2B partnerships to achieve this objective. Accordingly, during the half-year, a first retail agreement was concluded with Sofinco, a subsidiary of Crédit Agricole S.A. specializing in consumer credit, which allows us to deploy Darty Max on a larger scale, drawing on the specialist's expertise and customer base. This agreement is also supported by the deployment of a joint offer of special access to sustainable products and services, by offering credit—even free credit—on "sustainable choice" labeled products.

In deploying Darty Max, the Group confirms its position as a leader in home support service solutions and increases its commitment to extending the life span of products, while strengthening a relationship of trust with its customers by supporting them with a sustainable approach for repairing their appliances.

2.3 BUSINESS REVIEW FOR THE FIRST HALF OF 2021

2.3.1 Analysis of Group operating performance

Fnac Darty's main financial indicators for the first half of 2021 are presented below:

	Period ended June 30		
(€ million)	**2021**	**2020**	**Change**
Revenue	3,464.7	2,849.0	21.6%
Gross margin	1,028.8	844.2	21.9%
As % of revenue	29.7%	29.6%	0.1pt
EBITDA (1)	210.4	118.8	77.1%
As % of revenue	6.1%	4.2%	1.9pt
EBITDA (1) excluding IFRS 16	85.7	(5.0)	1,814.0%
As % of revenue	2.5%	(0.2%)	2.7pt
Current operating income	34.1	(57.6)	159.2%
As % of revenue	1.0%	(2.0%)	3.0pt
Operating income	31.6	(82.5)	138.3%
As % of revenue	0.9%	(2.9%)	3.8pt
Net income from continuing operations	(2.0)	(79.7)	97.5%
Net income from continuing operations, Group share	0.5	(76.7)	100.7%
Net income from discontinued operations, Group share	16.7	(41.6)	140.1%
Consolidated net income, Group share	17.2	(118.3)	114.6%
Net operating investments	46.4	49.8	(6.8%)
Free cash flow from operations	(451.2)	(379.9)	(18.8%)
Free cash flow from operations excluding IFRS 16	(577.3)	(503.0)	(14.8%)
Shareholders' equity	1,409.4	1,270.9	10.9%
Group share	1,407.6	1,262.3	11.5%
Net financial debt excluding IFRS 16	454.4	549.1	(17.2%)
Net financial debt connected with IFRS 16	1,049.6	958.3	9.5%
Net financial debt	1,504.0	1,507.4	(0.2%)
Average workforce	21,663	21,693	(0.1%)

(1) 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.

In the first half of the year, Group performance is historically affected by the seasonal nature of the business, for which the main part of the earnings and of the free cash flow from operations is recorded during the second half of the year.

2.3.1.1 Revenue

	Period ended June 30							
	2021		2020					
Segment	*(€ 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 and Switzerland	2,878.4	83.1%	2,342.7	82.2%	22.9%	22.9%	22.9%	22.6%
Iberian Peninsula	285.3	8.2%	239.5	8.4%	19.1%	19.1%	19.1%	18.2%
Belgium and Luxembourg	301.0	8.7%	266.8	9.4%	12.8%	12.8%	12.8%	12.6%
Total	**3,464.7**	**100.0%**	**2,849.0**	**100.0%**	**21.6%**	**21.6%**	**21.7%**	**21.3%**

Consolidated revenue for continuing operations for the first half of 2021 totaled €3,464.7 million, up +21.6% in reported data compared to the first half of 2020. At constant exchange rates and on a same-store basis, revenue was up +21.3%.

All categories of consumer electronics were up, driven in particular by the remote working, television and telephony segments.

The strong growth in sales of domestic appliances continued over the half-year. Sales of built-in cooking appliances, washing machines, refrigerators and vacuum cleaners particularly benefited from this increase in business.

Editorial products also posted a solid performance, driven by books, gaming and audio, while video recorded a downturn.

Other products and services increased sharply, thanks to the increase in services, which had also been heavily impacted by the closure of stores in the first half of 2020, as well as growth in the Home & Design, Urban Mobility and Toys & Games sectors. However, this growth was partially offset by the continued decline in the company's Ticketing activity and by the slowdown in business at Nature & Découvertes, which was impacted for a longer period by the store closures in the first half of 2021 compared to the same period in 2020.

Online activities continued to grow over the half-year but returned to more normal levels, due in particular to the very strong growth in sales during the weeks of lockdown last year, amounting to €961.1 million, representing 27.7% of the Group's sales in the first half of 2021, a decrease of 3.8 points compared to the previous half-year.

The store network continued to expand, as eighteen new stores were opened (two Fnac, thirteen Darty and three Nature & Découvertes): Three integrated stores (two in France and one in Spain) and 15 franchised stores (four Traditional stores and nine Proximity stores in mainland France and two Nature & Découvertes stores in overseas departments and territories). At the end of June 2021, the Group had 923 stores, including 359 franchised stores.

2.3.1.2 Current operating income

The current operating income of Fnac Darty totaled €34.1 million for the first half of 2021 compared to -€57.6 million for the first half of 2020, i.e. an increase of €91.6 million. Gross margin was up compared to the first half of 2020, with an increase in revenue and an improved profit margin, driven by the increase in services (including a positive Darty Max effect) and an improvement in the channel/product mix, partially offset by the dilutive effect of expanding the franchise, the drop in business at Nature & Découvertes and the continued decline in Ticketing activity. The increase in operating costs is mainly linked to the increase in personnel expenses, due in particular to a record low in the first half of 2020, which was mainly the result of the closure of stores and the increased use of furlough. Nevertheless, as a percentage of revenue, these costs fell sharply by 300 basis points to 28.7%.

	Period ended June 30		
	2021	**2020**	
Segment	*(€ million)*	*(€ million)*	*Change*
France and Switzerland	32.7	(45.6)	171.7%
Iberian Peninsula	(4.2)	(12.7)	66.9%
Belgium and Luxembourg	5.6	0.7	700.0%
Current operating income	**34.1**	**(57.6)**	**159.2%**

2.3.1.3 EBITDA

	Period ended June 30				
	2021		**2020**		
	(€ million)	*(as % of revenue)*	*(€ million)*	*(as % of revenue)*	*Change*
Current operating income	**34.1**	**1.0%**	**(57.6)**	**(2.0%)**	**159.2%**
Net depreciation, amortization and provisions (1)	176.3	5.1%	176.4	6.2%	(0.1%)
EBITDA	**210.4**	**6.1%**	**118.8**	**4.2%**	**77.1%**
IFRS 16 impact on EBITDA	124.7	3.6%	123.8	4.3%	0.7%
EBITDA excluding IFRS 16	**85.7**	**2.5%**	**(5.0)**	**(0.2%)**	**1,814.0%**

(1) 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.

EBITDA for the first half of 2021 totaled €210.4 million, i.e. an increase of €91.6 million compared to the first half of 2020.

See note 2.1 for the definition of EBITDA.

In the first half of 2021, the impact on EBITDA of applying IFRS 16 was €124.7 million compared to €123.8 million in the first half of 2020.

Without applying IFRS 16, EBITDA for the first half of 2021 was €85.7 million, i.e. an increase of €90.7 million compared to the first half of 2020.

2.3.1.4 Other non-current operating income and expense

	Period ended June 30	
(€ million)	**2021**	**2020**
Impairment of the Darty brand	0.0	(14.2)
Incremental costs of the health crisis	0.0	(5.8)
Fnac Darty restructuring costs	0.0	(0.6)
Costs connected with new business acquisitions	0.0	0.0
Other restructuring costs	(0.2)	(1.8)
Exceptional bonus for purchasing power	0.0	0.0
Other non-current operating income and expense, net	(2.3)	(2.5)
Total	**(2.5)**	**(24.9)**

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 the first half of 2021, this item represented a net expense of €2.5 million and included:

- €0.2 million in restructuring costs for employee and structural adaptation plans in France and abroad; and
- A net expense of €2.3 million resulting from various one-off litigation cases.

In the first half of 2020, this item comprised a net expense of €24.9 million and included:

- As a result of the health crisis that occurred during the first half of 2020 and the evidence of impairment observed, the Group conducted impairment tests that resulted in an impairment of the Darty brand of €14.2 million. By way of a reminder, the Darty brand was valued at €301.7 million in 2016 when Darty was acquired. As a result of this impairment, the net value of the Darty brand in the Group's accounts is €287.5 million.
- Fnac Darty noted the opinions of the ESMA and the AMF and decided not to present the full cost of the health crisis as a non-current expense. Consequently, in the first half of 2020, the Group only presented the exceptional additional costs directly caused by the health crisis as non-current expenses. These costs corresponded to the establishment of hygiene measures in stores, as well as all one-off bonuses paid to employees who worked in the Group's warehouses during lockdown period to deliver online orders. In the first half of 2020, these costs represented a total amount of €5.8 million,
- €0.6 million in restructuring costs, related to the implementation of the Group's reorganization;
- €1.8 million in restructuring costs for employee and structural adaptation plans in France and abroad; and
- Other non-current income and expense represented a net expense of €2.5 million resulting from various one-off litigation cases.

2.3.1.5 **Net financial expense**

In the first half of 2021, the Group's net financial expense broke down as follows:

	Period ended June 30	
(€ million)	**2021**	**2020**
Costs related to Group debt	(13.1)	(13.5)
Interest on leasing debt	(10.5)	(10.8)
Cost of consumer credit	(0.8)	(1.3)
Other financial income and expense	(0.0)	2.6
Net financial expense	**(24.5)**	**(22.9)**

In the first half of 2021, financial income was composed of a net financial expense of €24.5 million, compared with a net financial expense of €22.9 million for the first half of 2020.

During the first six months of 2021 and 2020, the costs related to Group debt mainly comprised the financial interest for the €650 million bond issue and the €200 million medium-term credit facility that was repaid in March 2021, as well as the financial interest on the €100 million loan from the European Investment Bank and the financial interest and actuarial costs of the OCEANE bonds issued by the Group in March 2021 in the amount of €200 million. These costs also include the deferment of implementation costs for the Group's financial debt.

In the first half of 2021, interest on leasing debt linked to the application of IFRS 16 represented €10.5 million. This expense was down €0.3 million compared to the first half of 2020.

The cost of consumer credit represented an expense of €0.8 million in the first half of 2021, compared to an expense of €1.3 million in the first half of 2020.

Other financial income and expense includes the financial impacts associated with post-employment employee benefits and the fair value adjustment of the Group's financial assets, represented primarily by the financial assets of Daphni Purple.

2.3.1.6 Income tax

For the first halves of 2021 and 2020, the Group's tax expense broke down as follows:

	Period ended June 30	
(€ million)	**2021**	**2020**
Pre-tax income	**7.1**	**(105.4)**
Current tax expense	(4.6)	54.9
Current tax expense related to corporate value-added tax (CVAE)	(6.1)	(9.4)
Deferred tax income/(expense)	1.6	(19.8)
Total tax expense	**(9.1)**	**25.7**
Global half-year tax rate	**128%**	**24%**

Due tax expense and deferred tax expense for the first half of the year are calculated on the basis of the estimated effective tax rate for the whole period for each fiscal entity or sub-entity.

Current tax expense and deferred tax have been assessed on an annual basis. Using the anticipated average effective rate makes it possible, among other things, to reflect the combination of progressive tax rate structures that would apply to the income for the period for each tax sub-group, including changes to any enacted or nearly enacted tax rates that should take effect slightly later in the year.

The effective total half-year tax rate for the Group is obtained using the expected effective tax rate for 2021 for each tax sub-group. The half-year amount depended on the weighting of the income of each tax sub-group in the Group's half-yearly pre-tax income and was not representative of the expected annual tax rate for 2021. The reading of the half-yearly tax rate per tax sub-group is more representative of the expected 2021 annual tax rate:

			of which	
	Group	**France**	**International subsidiaries, taxable in 2021**	**International subsidiaries, tax exempt in 2021**
Global half-year tax rate	**128%**	**49%**	**34%**	**1%**
Of which corporate value-added tax (CVAE)		*39%*	*0%*	*0%*
Recurrent effective tax rate excluding CVAE		31%	34%	1%

Given the negative pre-tax income in the first half of 2020, using the effective tax rate resulted in a tax credit.

2.3.1.7 Net income, Group share

For the first half of 2021, net income, Group share, for Fnac Darty's continuing operations totaled €0.5 million, an increase compared to the same period the previous year, when it stood at -€76.7 million.

Consolidated net income, Group share, for Fnac Darty was €17.2 million, compared to -€118.3 million for the same period the previous year.

2.3.1.8 Net income from 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.

	Period ended June 30	
(€ million)	**2021**	**2020**
Income from ordinary activities	**0.0**	**231.2**
Cost of sales	0.0	(177.2)
Gross margin	**0.0**	**54.0**
Personnel expenses	0.0	(27.2)
Other current operating income and expense	0.0	(21.7)
Current operating income	**0.0**	**5.1**
Other non-current operating income and expense	(0.1)	(44.9)
Operating income	**(0.1)**	**(39.8)**
(Net) financial expense	0.0	(1.8)
Pre-tax income	**(0.1)**	**(41.6)**
Income tax	16.8	0.0
Net income	**16.7**	**(41.6)**

In the first half of 2021, net income from discontinued operations was €16.7 million, compared to -€41.6 million for the first half of 2020. In the first half of 2021, this result was mainly linked to an adjustment in 2021 of the tax treatment applied to the sale of the Dutch subsidiary BCC in 2020. In the first half of 2020, the amounts corresponded primarily to the estimated costs of divesting the Dutch subsidiary BCC, and in particular the writing-off of BCC's outstanding accounts. The subsidiary BCC was sold on November 25, 2020.

2.3.1.9 Net earnings per share

In the first half of 2021, the weighted average number of Fnac Darty shares was 26,630,693 shares. The weighted average number of treasury stock in the first half of 2021 was 68,952 shares, so the weighted average number of Fnac Darty shares used to calculate net earnings per share was 26,561,741 shares.

In the first half of 2021, Group net earnings per share amounted to €0.65. In the first half of the previous year, this figure was -€4.47.

2.3.2 Analysis of operating performance by operating segment

2.3.2.1 France and Switzerland segment

	Period ended June 30		
(€ million)	**2021**	**2020**	**Change**
Revenue	2,878.4	2,342.7	22.9%
Current operating income	32.7	(45.6)	171.7%
Operating profitability rate	1.1%	(1.9%)	3.1pt

Revenue for the France and Switzerland segment

In the first half of 2021, revenue for the France and Switzerland segment was €2,878.4 million compared to €2,342.7 million for the first half of 2020, i.e. an increase of +22.9%. Revenue at constant exchange rates and on a same-store basis was also up +22.6%.

The distribution of revenue by product category is broken down in note 4 "Operating segments" of the notes to the consolidated financial statements in this half-year financial report.

All categories of consumer electronics were up, driven in particular by the remote working, television and telephony segments.

The strong growth in sales of domestic appliances continued over the half-year. Sales of built-in cooking appliances, washing machines, refrigerators and vacuum cleaners particularly benefited from this increase in business.

Editorial products also posted a solid performance, driven by books, gaming and audio, while video recorded a downturn.

Other products and services increased sharply, thanks to the increase in services, which had also been heavily impacted by the closure of stores in the first half of 2020, as well as growth in the Home & Design, Urban Mobility and Toys & Games sectors. However, this growth was partially offset by the continued decline in the company's Ticketing activity and by the slowdown in business at Nature & Découvertes, which was impacted for a longer period by the store closures in the first half of 2021 compared to the same period in 2020.

Online activities continued to grow over the half-year but returned to more normal levels, due in particular to the very strong growth in sales during the weeks of lockdown last year, amounting to €792.5 million, representing 27.5% of the Group's sales in the France and Switzerland segment for first half of 2021, a drop of 3.7 points compared to the previous half-year.

Current operating income for the France and Switzerland segment

Current operating income for the France and Switzerland segment stood at €32.7 million for the first half of 2021, compared to -€45.6 million for the first half of 2020. This upturn is mainly due to a sharp increase in sales, thanks to good performances in January and February despite the worsening public health situation (cessation of the Ticketing activity, curfews and store closures in large shopping malls in France, restrictions and lockdown in Switzerland) and a very poor basis for comparison in March/April (the first wave of the Covid crisis in 2020, when all stores were closed in the majority of countries in mid-March). It should also be noted that business expenses and operational costs were well managed.

Current operating profitability increased from -1.9% to 1.1%.

2.3.2.2 **Iberian Peninsula**

	Period ended June 30		
(€ million)	**2021**	**2020**	**Change**
Revenue	285.3	239.5	19.1%
Current operating income	(4.2)	(12.7)	66.9%
Operating profitability rate	(1.5%)	(5.3%)	3.8pt

Revenue for the Iberian Peninsula

In the first half of 2021, revenue for the Iberian Peninsula increased sharply. It totaled €285.3 million, compared to €239.5 million for the first half of 2020, i.e. an increase of +19.1%. On a same-store basis, revenue was up by +18.2%.

The distribution of revenue by product category is broken down in note 4 "Operating segments" of the notes to the consolidated financial statements in this half-year financial report.

The performance posted in this segment is directly linked to a very poor basis for comparison in March/April (the first wave of the Covid crisis in 2020, when all stores were closed in the majority of countries in mid-March). In-store sales had suffered from store closures during this period. They had been gradually reopened during the month of May and at the beginning of June. Online activities only partially offset this fall-off in business.

Revenue from consumer electronics was up, driven by sales of IT equipment and telephony.

Revenue from editorial products was also up. Book sales increased sharply.

Revenue from other products and services increased during the period. The services sector, which had been particularly severely impacted by the closure of stores in March/April last year, posted an increase.

Current operating income in the Iberian Peninsula

Current operating income for the Iberian Peninsula was -€4.2 million for the first half of 2021, compared to -€12.7 million for the first half of 2020, an increase of €8.5 million compared to 2020. The gross margin was up compared to the first half of 2020, with an increase in revenue and a greatly improved profit margin, driven by the increase in services and an improvement in the channel/product mix. This improved margin was partially offset by the increase in operating costs over the period.

Current operating profitability is improving, up from -5.3% to -1.5%.

2.3.2.3 Belgium and Luxembourg segment

	Period ended June 30		
(€ million)	**2021**	**2020**	**Change**
Revenue	301.0	266.8	12.8%
Current operating income	5.6	0.7	700.0%
Operating profitability rate	1.9%	0.3%	1.6pt

Revenue for the Belgium and Luxembourg segment

In the first half of 2021, revenue for the Belgium and Luxembourg segment was €301.0 million, compared to €266.8 million in the first half of 2020, an increase of +12.8%.

The distribution of revenue by product category is broken down in note 4 “Operating segments” of the notes to the consolidated financial statements in this half-year financial report.

Over the first half of the year, revenue in consumer electronics increased. This increase resulted primarily from sales of IT equipment, driven by the increase in remote working, telephony and television.

Sales of domestic appliances also increased. Washing machines and vacuum cleaners performed particularly well.

Revenue from editorial products were up. Book sales, as well as those in the Audio and Gaming sectors, were up.

In the first half of the year, revenue generated by other products and services increased, thanks to the performance of the Home & Design and Services sectors.

Current operating income for the Belgium and Luxembourg segment

Current operating income for the Belgium and Luxembourg segment was €5.6 million for the first half of 2021, compared to €0.7 million for the first half of 2020. This good performance shows the quality of commercial performance in the context of the continuing health crisis and intense competition.

Current operating profitability was up from 0.3% to 1.9%.

2.4 COMMENTS ON THE GROUP'S FINANCIAL POSITION

At the end of the first half of the year, the Group's consolidated balance sheet was typically affected by the seasonal nature of Fnac Darty's business:

(€ million)	**As of June 30, 2021**	**As of December 31, 2020**
Goodwill	1,654.2	1,654.3
Other non-current assets and liabilities	1,950.0	2,020.2
Current assets and liabilities	(483.0)	(1,064.7)
Provisions	(207.8)	(236.5)
Capital employed	**2,913.4**	**2,373.3**
Net assets held for sale	0.0	0.0
Shareholders' equity, Group share	1,407.6	1,368.5
Shareholders' equity – Share attributable to non-controlling interests	1.8	4.9
Net financial debt at end of the period	454.4	(113.9)
Leasing debt	1,049.6	1,113.8

2.4.1 Capital employed

As of June 30, 2021, capital employed was up by €540.1 million compared with December 31, 2020. This increase is mainly linked to the increase in current assets resulting the seasonal nature of the Group's business.

2.4.2 Goodwill

As of June 30, 2021, Goodwill amounted to €1,654.2 million, remaining stable compared with December 31, 2020.

(€ million)	**As of June 30, 2021**	**As of December 31, 2020**
Goodwill	1,654.2	1,654.3

2.4.3 Other non-current assets, net

(€ million)	As of June 30, 2021	As of December 31, 2020
Net intangible assets	511.7	505.6
Net property, plant and equipment	575.1	594.2
Rights of use relating to lease agreements	1,041.6	1,109.4
Investments in associates	0.8	0.1
Net non-current financial assets	32.0	32.6
Net deferred taxes	(105.3)	(97.3)
Other non-current liabilities	(105.9)	(124.4)
Other non-current assets, net	**1,950.0**	**2,020.2**

Over the first half of 2021, other non-current assets net of liabilities fell by €70.2 million.

Intangible assets increased by €6.1 million, as a result of investments in intangible assets over the first half of 2021 that were greater than the depreciation applied during the first half of 2021.

Property, plant and equipment decreased by €19.1 million, as a result of depreciation in property, plant and equipment over the first half of 2021 that was greater than the investments made during the first half of 2021.

Rights of use relating to lease agreements decreased by €67.8 million, mainly due to their impairment.

Investments in associates increased by €0.7 million compared to December 31, 2020, and reflected the share of income from the first half of 2021.

As of the first half of 2021, net non-current financial assets decreased by €0.6 million. This decrease is mainly due to a €1.6 million decrease in guarantee deposits, offset by an adjustment of the fair value of the investment in the Daphni Purple private equity fund in the amount of €1.1 million.

Deferred taxes represented net liabilities of €105.3 million and for the most part reflected the revaluation of Darty's assets and liabilities, particularly the valuation of the Darty and Vanden Borre brands on the Group's balance sheet, along with the revaluation of Darty's real estate. The change in these is related to the tax impact of the revaluation of liabilities for defined benefit plans, the tax impact of the equity component of the OCEANE issued by the Group, as well as the deferred tax expense for the first half of 2021.

Other non-current liabilities mainly represented the portion of income from Darty warranty extensions in excess of one year.

2.4.4 Current assets and liabilities

(€ million)	**As of June 30, 2021**	**As of December 31, 2020**
Net inventories	1,055.2	960.2
Net trade receivables	122.2	214.8
Net trade payables	(1,195.8)	(1,561.0)
Tax receivables and payables due	20.5	(26.4)
Other working capital requirements	(485.1)	(652.3)
Current assets and liabilities*	**(483.0)**	**(1,064.7)**

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

As of June 30, 2021, Fnac Darty's current assets and liabilities were a €483.0 million resource, a decrease of €581.7 million compared with December 31, 2020. This drop is mainly due to the seasonal nature of the business.

Changes in inventories (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated cash flows of -€95.4 million in the first half of 2021, down by €230.5 million compared to the first half of 2020.

In the first half of 2021, the reduction in trade receivables (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated positive cash flows amounting to €93.7 million, down by €11.4 million compared to the first half of 2020.

In the first half of 2021, the reduction in trade payables (excluding the effect of changes in foreign exchange rates and the scope of consolidation) generated negative cash flows amounting to €378.7 million, up by €143.0 million compared to the first half of 2020.

In the first half of 2021, cash flows from tax receivables and payables were negative, at €27.3 million (excluding the effect of changes in foreign exchange rates and the scope of consolidation). This decline should be seen within the context of the tax expense payable of €4.6 million recorded for the first half of 2021, as well as the corporate value-added tax (CVAE) expense of €6.1 million. Therefore, in the first half of 2021, the net cash flow associated with tax payable and the corporate value-added tax (CVAE) represented a net disbursement of €37.9 million, a drop of €14.0 million compared to the first half of 2020.

In the first half of 2021, other working capital requirements primarily included payroll liabilities, and State payables and receivables, excluding income tax. The reduction in these over the first half-year is linked to the seasonal nature of the Group's business, and the cash flows generated are almost equal to the change in the first half of 2021.

2.4.5 Provisions

(€ million)	As of June 30, 2021	As of December 31, 2020
Provisions for pensions and equivalent benefits	178.3	205.9
Other provisions	29.5	30.6
Provisions	**207.8**	**236.5**

(€ million)	As of June 30, 2021	As of December 31, 2020
Discount rate		
- France	0.95%	0.55%
- Switzerland	0.00%	0.00%
- United Kingdom	1.90%	1.40%

The increase in interest rates seen during the first half of 2021 in the Eurozone meant that the reference discount rates, the rates of top-rated corporate bonds, increased.

At the same time, the discount rate applicable in the United Kingdom also went up. Consequently, an adjustment to the amount of the Comet liability was recognized in the interim financial statements, which was reflected by a decrease in the relevant commitment.

Compared to December 31, 2020, the decrease in the provision for pensions and similar benefits is €27.6 million. The majority of this decrease is linked to the updating of the commitment for the Comet pension fund, at €19.8 million. The remaining €7.8 million is primarily linked to the valuation of retirement benefit commitments for employees in France. The impact on shareholders' equity appears under "Other items of comprehensive income."

As of June 30, 2021, "Other provisions" mainly included the provisions for operational and tax contingencies. The €1.1 million decrease compared to December 31, 2020 stemmed mainly from the use of provisions for operational and tax contingencies.

2.4.6 Shareholders' equity

(€ million)	As of June 30, 2021	As of December 31, 2020
Shareholders' equity, Group share	1,407.6	1,368.5
Shareholders' equity – Share attributable to non-controlling interests	1.8	4.9
Shareholders' equity	**1,409.4**	**1,373.4**

In the first half of 2021, Fnac Darty's consolidated shareholders' equity was up €36.0 million compared to the end of the previous period.

The proportion of shareholders' equity attributable to the Group increased by €39.1 million, firstly as a result of net income, Group share of €17.2 million and, secondly, as a result of the revaluation of liabilities for defined benefit plans of €27.0 million and the recognition of the equity component further to the OCEANE issue for €15.4 million after tax. This increase is partially offset by the 2021 dividend of €26.7 million in respect of 2020. The ex-dividend date is July 5, 2021 and its payment date is July 7, 2021.

The proportion of shareholders' equity attributable to non-controlling interests was down €3.1 million to €1.8 million. This decrease is due to the proportion of non-controlling interests in net income of -€2.5 million, as well as a change in dividends paid to minority shareholders amounting to -€0.6 million.

2.4.7 Net financial debt

At the end of the first half of the year, Group net financial debt is usually higher than at year-end because of the seasonal nature of the business. The Group's net financial debt as of June 30, 2021 stood at €1,504.0 million. It incorporates leasing debt linked to the application of IFRS 16 for €1,049.6 million.

(€ million)	As of June 30, 2021	As of December 31, 2020
Gross financial debt	933.4	1,454.8
Cash and cash equivalents	(479.0)	(1,568.7)
Net financial debt excluding IFRS 16 at end of period	**454.4**	**(113.9)**
Leasing debt	1,049.6	1,113.8
Net financial debt with IFRS 16 at end of period	**1,504.0**	**999.9**

On the basis of its solid annual results for 2020, which demonstrated the resilience of its business in a context of unprecedented crisis, in March 2021 the Group finalized the restructuring of its long-term debt with an extended maturity profile, diversified sources of financing, optimized costs and the securing of its long-term liquidity.

In this way, the Group repaid its state-guaranteed loan of €500 million in full in March 2021.

In March 2021, the Group successfully placed its issue of OCEANE bonds (bonds that can be converted and/or exchanged for new and/or existing shares), maturing in 2027 and with a par value of €200 million, represented by 2,468,221 bonds with a par value €81.03 each. Based on the initial conversion and/or exchange ratio of one share per bond, the dilution effect on the company's capital was approximately 9.28% as of March 16, 2021.

The OCEANE issue was allocated to repay the €200 million Senior Term Loan Facility, which would fall due in April 2023.

At the same time, Fnac Darty renegotiated the terms of its credit facilities, adjusting its RCF to increase the total amount to €500 million, up from €400 million previously. This credit facility matures in five years (March 2026), with the option to extend it to March 2028 at Fnac Darty's request. The terms and conditions remain identical to those of the €400 million RCF. In line with the objectives of the new strategic plan Everyday, this new credit facility includes a Corporate Social Responsibility (CSR) component, which will permit the Group to improve its financing terms in the event that the designated targets are achieved.

As of June 30, 2021, gross financial debt mainly comprises:

- the bonds maturing in 2024 for €300 million and in 2026 for €350 million,

- the debt component of the OCEANE bonds that can be converted and/or exchanged for new and/or existing shares, for an initial amount of €179.2 million in March 2021,

- borrowing from the European Investment Bank amounting to €100 million.

Compared to December 31, 2020, net financial debt increased by €568.3 million excluding leasing debt linked to IFRS 16, and by €504.1 million with leasing debt. The increase in financial debt is mainly related to the change in free cash flow from operations over the first half of 2021.

2.4.8 Solvency

Financing instruments of the Group included financial covenants as of June 30, 2021.

As of June 30, 2021, the Group was in compliance with all half-year financial covenants.

The target values of the covenants vary for each testing period.

2.4.9 Liquidity

As of June 30, 2021, Fnac Darty held cash and cash equivalents of €479.0 million, plus a balance of €500 million on a confirmed revolving credit facility not used at that date. The short-term negotiable debt instruments program, the amount of which went up from €400 million to €500 million, was also unused at that date.

As of June 30, 2021, cash mainly included positive bank balances and short-term interest accounts.

The Group is not exposed to any short-term liquidity risk.

2.4.10 Change in net financial debt

The change in net financial debt is broken down as follows:

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
Free cash flow from operations	(451.2)	(379.9)
Interest paid net of interest and dividends received	(17.3)	(14.6)
Acquisitions and disposals of subsidiaries net of cash acquired and transferred	0.0	(0.7)
Acquisition and disposal of other financial assets	1.5	0.4
Purchases and sales of treasury stock	(0.9)	1.0
Dividends paid	(0.6)	0.0
Shareholders’ equity component – OCEANE bonds	20.8	0.0
Capital increase/(decrease)	0.0	0.0
Repayment of leasing debt	(115.5)	(112.3)
Interest paid on leasing debt	(10.6)	(10.8)
Other transactions with shareholders	0.0	0.0
Other financial working capital requirements	9.0	0.0
Net cash flows from discontinued operations	(2.3)	(12.9)
Financing of the Comet pension fund	(0.7)	(0.4)
Other (1)	(0.5)	(1.0)
Change in net financial debt excluding IFRS 16	**(568.3)**	**(531.2)**
Net financial debt excluding IFRS 16 at January 1	**(113.9)**	**17.9**
Net financial debt excluding IFRS 16 at end of period	**454.4**	**549.1**

(1) mainly includes the impact of translation differences on debt

2.4.10.1 **Free cash flow from operations**

The Group uses an intermediate line item to track its financial performance described as free cash flow from operations. This financial indicator measures net cash flow from operating activities and net 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).

For the first six months of 2021, Fnac Darty's free cash flow from operations amounted to -€451.2 million with the application of IFRS 16, and to -€577.3 million excluding the application of IFRS 16. It stood at -€379.9 million in the first half of 2020, i.e. a decrease of €71.3 million with IFRS 16, and a decrease of €74.3 million excluding IFRS 16.

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
Cash flow before tax, dividends and interest	**212.1**	**109.4**
Change in working capital requirement	(579.0)	(415.4)
Income tax paid	(37.9)	(24.1)
Net cash flows from operating activities	**(404.8)**	**(330.1)**
Net operating investments	(46.4)	(49.8)
Free cash flow from operations	**(451.2)**	**(379.9)**
Repayment of leasing debt and interest	(126.1)	(123.1)
Free cash flow from operations, excluding IFRS 16	**(577.3)**	**(503.0)**

As of June 30, 2021, net operating investments were €46.4 million, down slightly compared to 2020.

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
France and Switzerland	(42.4)	(31.7)
Iberian Peninsula	(2.3)	(3.6)
Belgium and Luxembourg	(0.9)	(2.2)
Acquisitions of intangible assets, property, plant and equipment	**(45.6)**	**(37.5)**
Disposals of intangible assets, property, plant and equipment	0.3	0.4
Change in debt and receivables relating to non-current assets	(1.1)	(12.7)
Net operating investments	**(46.4)**	**(49.8)**

2.4.10.2 **Interest paid net of interest and dividends received**

As of June 30, 2021, net disbursements for net financial interest paid and dividends received mainly included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities of €11.6 million. They also included a €2.5 million disbursement of the collateral for the state-guaranteed loan, €1.7 million for the costs incurred in extending the RCF, and €1.5 million in charges incurred in setting up the OCEANE issue.

As of June 30, 2020, net disbursements for net financial interest paid and dividends received mainly included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities of €13.6 million. These disbursements also included the costs associated with implementing the State-guaranteed loan for an amount of €1.0 million.

2.4.10.3 **Acquisitions and disposals of subsidiaries net of cash acquired or transferred**

In the first half of 2021, there were no receipts or disbursements related to acquisitions and disposals of subsidiaries.

In the first half of 2020, the net disbursement of €0.7 million incorporated both a receipt of €3.5 million in March 2020 related to an adjustment of the acquisition price of Nature & Découvertes, in accordance with the provisions of the sale agreement, and a disbursement of €4.2 million related to a commitment to exercise a sale option on WeFix shares.

2.4.10.4 **Acquisitions and disposals of other financial assets (net)**

In the first half of 2021, receipts related to the acquisition of other financial assets were repayments of guarantee deposits by lessors totaling €1.5 million.

In the first half of 2020, disbursements related to the acquisition of other financial assets included investment in the Daphni Purple Fund for €0.4 million, as well as a positive cash flow of €0.8 million linked to repayments of guarantee deposits by lessors.

As of June 30, 2021, the Group agreed to underwrite the remaining 23% of the Daphni Purple Fund for €1.6 million.

2.4.10.5 **Purchases and sales of treasury stock**

In the first half of 2021, disbursements of €0.9 million for acquisitions and disposals of treasury stock represented cash flows generated within the framework of the liquidity agreement entered into with Oddo BHF and Natixis. As of June 30, 2021, the Group held 73,751 treasury stocks.

In the first half of 2020, receipts of €1.0 million for acquisitions and disposals of treasury stock represented cash flows generated within the framework of the liquidity agreement entered into with Oddo BHF and Natixis. As of June 30, 2020, the Group held 94,765 treasury stocks.

2.4.10.6 **Repayment of leasing debt and interest paid on leasing debt**

Net cash flows linked to the repayment of leasing debt and interest paid on leasing debt relate to the application of IFRS 16 and represent leasing cash flows.

2.4.10.7 **Other financial working capital requirements**

In the first half of 2021, other financial working capital requirements represented the cash advances received from events organizers.

2.4.10.8 **Net cash flows from discontinued operations**

In the first half of 2021, net cash flows from discontinued operations mainly represented residual disbursements of €1.4 million linked to the disposal of the Dutch subsidiary BCC.

In the first half of 2020, net cash flows from discontinued operations mainly represented the cash flows of the Dutch subsidiary BCC, the disposal of which took effect on November 25, 2020.

2.4.10.9 **Financing of the Comet pension fund**

The financing of the British Comet pension fund represents the cash paid by the Group under the pension commitments for former Comet employees in the United Kingdom. The fund's financing is renegotiated every three years, most recently at the end of 2019, as a result of which payments were suspended from January 2020.

2.5 RELATED PARTY TRANSACTIONS

As of June 30, 2021, the Ceconomy Retail International group held 24.1% of the share capital and 24.1% of the voting rights in Fnac Darty. In the first half of 2021, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of June 30, 2021, INDEXIA (formerly SFAM) holds 11.3% of the equity and 11.3% of the voting rights in Fnac Darty and does not have a representative on the Fnac Darty Board of Directors. Therefore, INDEXIA is not a related party.

2.6 POST-BALANCE SHEET EVENTS

The Group has reactivated its shareholder return policy with the payment of a first ordinary dividend of €1.00 per share, paid in cash on July 7 for a total amount of €26.7 million.

2.7 MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING HALF-YEAR

In the first half of 2021, the Group continued to implement exceptional measures to limit the impact of the health crisis on its structure and income levels. Continued uncertainty on the future global development of the health crisis are making business forecasts uncertain. The risk of lockdown linked to a new wave of the pandemic, as well as the risk of a slower-than-expected resumption of activity, expose the Group to a large number of risks and uncertainties for the next six months of 2021.

In parallel with risks related to the health crisis, Fnac Darty's companies are involved in a certain number of proceedings and litigation cases during 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 has 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.
During the course of 2020, a preliminary matter was raised regarding the application of certain conditions of section 239 of the Insolvency Act 1986 in this case, which are pre-requisites for the substantive legal proceedings to be admissible. At the end of the proceedings relating to this preliminary matter, appealed before the High Court in March 2021, an order of April 23, 2021, concluded that the conditions of Section 239 of the Insolvency Act 1986 are applicable in this case. The substantive proceedings, which had been suspended pursuant to the appeal on the preliminary matter, resumed with a trial set for October 2022 and a decision that could be handed down in the fourth quarter of 2022. If the judgment was unfavorable to Darty, any amount to be reimbursed will be payable within 14 days of the date of the judgment. In the event of an appeal by either party, this appeal would likely be heard in 2023 depending on the judgment.

In July 2020, the Fnac Darty Group was summonsed to appear before the Paris Commercial Court in two cases brought by a number of members of the Darty Affiliate Group.

The first case, amounting to approximately €2.2 million, mainly involved the processing of online sales under the click & collect system in operation in franchised stores, an issue that many franchise networks are facing given the increase in online sales across all sectors. The primary claim in this dispute was resolved and the parties came up with a solution to their differences over the residual claim (approximately €0.4 million) through conciliation proceedings before the Paris Commercial Court. Their agreement was sealed by a settlement of €0.3 million.

The second dispute, in the amount of approximately €12.8 million, is based on claims that Fnac Darty should be responsible for the impact of the closure of franchised stores during the lockdown period. It goes without saying that Fnac Darty firmly refutes the basis of this claim. Here too, the parties sought conciliation to settle their differences but the conciliation failed. The case is therefore proceeding in the lower courts.

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, earnings or financial position for which an estimated provision had to be recorded at period-end. No litigation is material at Company or Group level, when considered on a stand-alone basis.

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

The main risks and uncertainties the Group may face in the second half of 2021 are set out in Section 6 of the Group's 2020 Universal Registration Document.

2.8 OUTLOOK

The Group is very satisfied with the solid performance in the first half of 2021.

During May, the Group's stores reopened in all countries, albeit with restrictions on opening hours still applicable on the Iberian Peninsula given a still uncertain public health situation. Moreover, following the latest announcements by the French government, the conditions of access to shopping malls of more than 20,000 sq.m. may change and consequently affect the operating conditions of some of the Group's stores. Lastly, as anticipated, the Ticketing activity is very gradually recovering, with a return to normal expected at the beginning of 2022, and the recovery of economic activity on the Iberian Peninsula is slower than in the other countries where the Group is present, compared to pre-crisis levels.

As a result, Fnac Darty remains confident but cautious about the performance of its markets in the second half of the year and will remain focused on its commercial execution to achieve full success in the business challenges of the second half of the year, as well as on controlling costs and generating cash flow in line with the objectives of the strategic plan Everyday.

This is why, with an encouraging start to the year but in a still uncertain public health situation, and subject to there being no further extended periods of store closure, **the Group is revising its 2021 outlook for expected revenue upward by nearly +5%[1] compared to 2020** and for expected **current operating income of between €260 million and €270 million**, i.e., a level equivalent to the 2019 pro forma current operating income[2], excluding ticketing.

[1] Like-for-like basis: excludes effect of changes in foreign exchange rates, changes in scope, store openings and closures.
[2] Including Nature & Découvertes for the full year and excluding BCC.

3 CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

The following tables contain data rounded off individually. The arithmetic calculations performed on the basis of rounded-off items may differ from the line items or sub-totals shown.

FOR POSITIONS AS OF JUNE 30, 2021 AND AS OF JUNE 30, 2020

(€ million)	**Notes**	**30-Jun-21**	**30-Jun-20**
Income from ordinary activities	4	**3,464.7**	**2,849.0**
Cost of sales		(2,435.9)	(2,004.8)
Gross margin		**1,028.8**	**844.2**
Personnel expenses	5	(543.7)	(464.7)
Other current operating income and expense		(451.0)	(437.3)
Share of profit from equity associates		0.0	0.2
Current operating income		**34.1**	**(57.6)**
Other non-current operating income and expense	6	(2.5)	(24.9)
Operating income		**31.6**	**(82.5)**
(Net) financial expense	7	(24.5)	(22.9)
Pre-tax income		**7.1**	**(105.4)**
Income tax	8	(9.1)	25.7
Net income from continuing operations		**(2.0)**	**(79.7)**
Group share		0.5	(76.7)
share attributable to non-controlling interests		(2.5)	(3.0)
Net income from discontinued operations	17.4	**16.7**	**(41.6)**
Group share		16.7	(41.6)
share attributable to non-controlling interests		0.0	0.0
Consolidated net income		**14.7**	**(121.3)**
Group share		17.2	(118.3)
share attributable to non-controlling interests		(2.5)	(3.0)
Net income, Group share		**17.2**	**(118.3)**
Earnings per share (€)	9	0.65	(4.47)
Diluted earnings per share (€)	9	0.58	(4.46)
Net income from continuing operations, Group share		**0.5**	**(76.7)**
Earnings per share (€)	9	0.02	(2.90)
Diluted earnings per share (€)	9	0.02	(2.89)

(€ million)	Notes	30-Jun-21	30-Jun-20
Net income		**14.7**	**(121.3)**
Translation difference		(1.7)	2.1
Fair value of hedging instruments		1.9	0.1
Items that may be reclassified subsequently to profit or loss		**0.2**	**2.2**
Revaluation of net liabilities for defined benefit plans		27.0	(12.1)
Items that may not be reclassified subsequently to profit or loss		**27.0**	**(12.1)**
Other items of comprehensive income, after tax	10	**27.2**	**(9.9)**
Total comprehensive income		**41.9**	**(131.2)**
Group share		44.4	(128.2)
share attributable to non-controlling interests		(2.5)	(3.0)

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

FOR POSITIONS AS OF JUNE 30, 2021 AND THE PERIOD ENDED DECEMBER 31, 2020

ASSETS

(€ million)	Notes	As of June 30, 2021	As of December 31, 2020
Goodwill		1,654.2	1,654.3
Intangible assets		511.7	505.6
Property, plant & equipment		575.1	594.2
Rights of use relating to lease agreements	11	1,041.6	1,109.4
Investments in associates		0.8	0.1
Non-current financial assets		32.0	32.6
Deferred tax assets		59.7	67.3
Other non-current assets		0.1	0.0
Non-current assets		**3,875.2**	**3,963.5**
Inventories		1,055.2	960.2
Trade receivables		167.5	285.4
Tax receivables due		20.5	3.6
Other current financial assets		6.4	6.8
Other current assets		170.2	361.1
Cash and cash equivalents	13	479.0	1,568.7
Current assets		**1,898.8**	**3,185.8**
Assets held for sale	17.4	**0.0**	**0.0**
Total assets		**5,774.0**	**7,149.3**

LIABILITIES

(€ million)	Notes	As of June 30, 2021	As of December 31, 2020
Share capital	12.1	**26.8**	**26.6**
Equity-related reserves		**971.0**	**971.2**
Translation reserves		**(6.2)**	**(4.5)**
Other reserves and net income		**416.0**	**375.2**
Shareholders' equity, Group share	12	**1,407.6**	**1,368.5**
Shareholders' equity – Share attributable to non-controlling interests		1.8	4.9
Shareholders' equity		**1,409.4**	**1,373.4**
Long-term borrowings and financial debt	14	930.2	901.9
Long-term leasing debt	15	819.6	884.1
Provisions for pensions and other equivalent benefits		178.3	205.9
Other non-current liabilities		106.0	124.4
Deferred tax liabilities		165.0	164.6
Non-current liabilities		**2,199.1**	**2,280.9**
Short-term borrowings and financial debt	14	3.2	552.9
Short-term leasing debt	15	230.0	229.7
Other current financial liabilities		5.1	13.0
Trade payables		1,231.1	1,784.4
Provisions		29.5	30.6
Tax liabilities payable		0.0	30.0
Other current liabilities		666.6	854.4
Current liabilities		**2,165.5**	**3,495.0**
Liabilities relating to assets held for sale	17.4	**0.0**	**0.0**
Total Liabilities		**5,774.0**	**7,149.3**

CONSOLIDATED CASH FLOW STATEMENT

FOR POSITIONS AS OF JUNE 30, 2021 AND AS OF JUNE 30, 2020

(€ million)	Notes	30-Jun-21	30-Jun-20
Net income from continuing operations		**(2.0)**	**(79.7)**
Income and expense with no impact on cash		179.8	209.9
Cash flow	17.1	**177.8**	**130.2**
Financial interest income and expense		23.6	24.7
Dividends received		0.0	0.0
Net tax expense payable		10.7	(45.5)
Cash flow before tax, dividends and interest		**212.1**	**109.4**
Change in working capital requirement		(579.0)	(415.4)
Income tax paid		(37.9)	(24.1)
Net cash flows from operating activities	17.1	**(404.8)**	**(330.1)**
Acquisitions of intangible assets, property, plant and equipment		(46.7)	(50.2)
Disposals of intangible assets, property, plant and equipment		0.3	0.4
Acquisitions of subsidiaries net of cash acquired		0.0	(0.7)
Acquisition of other financial assets		1.5	0.4
Net cash flows from investing activities	17.2	**(44.9)**	**(50.1)**
Capital increase/(decrease)		0.0	0.0
Other transactions with shareholders		0.0	0.0
Purchases or sales of treasury stock		(0.9)	1.0
Dividends paid to shareholders		(0.6)	0.0
Debt issued		200.0	500.0
Debt repaid		(700.0)	0.0
Repayment of leasing debt		(115.5)	(112.3)
Interest paid on leasing debt		(10.6)	(10.8)
Other financial working capital requirements		9.0	0.0
Increase/decrease in other financial debt		(0.6)	(55.4)
Interest and equivalent payments		(17.3)	(14.6)
Financing of the Comet pension fund	17.3	(0.7)	(0.4)
Net cash flows from financing activities	17.3	**(637.2)**	**307.5**
Net cash flows from discontinued operations	17.4	(2.3)	(12.9)
Impact of changes in exchange rates		(0.5)	(1.1)
Net change in cash		**(1,089.7)**	**(86.7)**
Cash and cash equivalents at the beginning of the period	17	**1,568.7**	**995.5**
Cash and cash equivalents at period-end	17	**479.0**	**908.8**

(€ million)	Number of shares outstanding [1]	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, 2019	**26,515,572**	**26.5**	**971.3**	**(5.8)**	**395.9**	**1,387.9**	**10.4**	**1,398.3**
Total comprehensive income				**2.1**	**(130.3)**	**(128.2)**	**(3.0)**	**(131.2)**
Capital increase/(decrease)	92,384	0.1	(0.1)			**0.0**		**0.0**
Treasury stock					(0.8)	**(0.8)**		**(0.8)**
Valuation of share-based payments					4.9	**4.9**		**4.9**
Change in scope					(1.2)	**(1.2)**	1.2	**0.0**
Other movements					(0.3)	**(0.3)**		**(0.3)**
As of June 30, 2020	**26,607,956**	**26.6**	**971.2**	**(3.7)**	**268.2**	**1,262.3**	**8.6**	**1,270.9**
Total comprehensive income				**(0.8)**	**104.0**	**103.2**	**(4.2)**	**99.0**
Capital increase/(decrease)	615	0.0	0.0			**0.0**		**0.0**
Treasury stock					1.3	**1.3**		**1.3**
Valuation of share-based payments					3.2	**3.2**		**3.2**
Change in scope					(0.6)	**(0.6)**	0.6	**0.0**
Other movements					(0.9)	**(0.9)**	(0.1)	**(1.0)**
As of December 31, 2020	**26,608,571**	**26.6**	**971.2**	**(4.5)**	**375.2**	**1,368.5**	**4.9**	**1,373.4**
Total comprehensive income				**(1.7)**	**46.1**	**44.4**	**(2.5)**	**41.9**
Capital increase/(decrease)	152,547	0.2	(0.2)			**0.0**		**0.0**
Treasury stock					(0.2)	**(0.2)**		**(0.2)**
Valuation of share-based payments					6.4	**6.4**		**6.4**
Shareholders' equity component – OCEANE bonds					15.4	**15.4**		**15.4**
Dividends					(26.7)	**(26.7)**	**(0.6)**	**(27.3)**
Change in scope					0.0	**0.0**		**0.0**
Other movements					(0.2)	**(0.2)**		**(0.2)**
As of June 30, 2021 (1)	**26,761,118**	**26.8**	**971.0**	**(6.2)**	**416.0**	**1,407.6**	**1.8**	**1,409.4**

[1] €1 par value of shares.

Notes to the Condensed Consolidated Financial Statements

Note 1 General information

1.1. General information

Fnac Darty, the Group's parent company, 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 listed on the Euronext Paris exchange. 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 condensed consolidated financial statements as of June 30, 2021 reflect the financial position of Fnac Darty and its subsidiaries, as well as its interests in associates and joint ventures.

On July 29, 2021, the Board of Directors approved the condensed consolidated financial statements as of June 30, 2021 and authorized their publication.

1.2. Reporting context

Fnac Darty, comprised of 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, Switzerland and Luxembourg. Fnac Darty also has franchise operations in Morocco, Qatar, Ivory Coast, Cameroon, Congo and Tunisia.

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

Fnac Darty's consolidated financial statements are presented in millions of euros.

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 the six months ended June 30, 2021 have been prepared in accordance with international accounting standards as adopted by the European Union (available at http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm) on the date these financial statements were established. These standards were mandatory at that date, and are presented with the comparative data for 2020, prepared on the same basis.

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

The condensed consolidated financial statements as of June 30, 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union, which permits the presentation of a selection of explanatory notes.

The consolidated financial statements presented do not take into account the standards and interpretations which, at the end of the reporting period, were still in the exposure draft stage with the IASB (International Accounting Standards Board) and the IFRS Interpretations Committee, or standards whose application was not mandatory in 2021.

The notes presented relate to material events and transactions during the period and should be read in conjunction with the consolidated financial statements as of December 31, 2020. They are, in fact, inseparable from the information presented in the consolidated financial statements included in the Group's Universal Registration Document published for the period ended December 31, 2020.

2.2. IFRS guidelines applied

The half-year financial statements are prepared in accordance with the accounting principles and policies applied by the Group to the financial statements for the period ended December 31, 2020, with the exception of the following items, which are subject to specific valuation methods (note 2.3):

- income tax; and

- employee benefits.

2.2.1 Standards, amendments and interpretations adopted by the European Union but whose application was not mandatory for reporting periods beginning on or after January 1, 2021 which were not adopted early by the Group:

There are no texts adopted by the European Union that are applicable in advance.

2.2.2 Standards, amendments and interpretations adopted by the European Union but whose application was mandatory for reporting periods beginning on or after January 1, 2021:

- **Amendment to IFRS 16 – COVID-19-related rent concessions:**

  Subject to certain conditions, this amendment, published on May 28, 2020, provides for the possibility that the lessee of a lease agreement, to whom the lessor has granted rent adjustments as a result of the COVID-19 crisis, need not assess whether or not these arrangements constitute an amendment to the lease agreement and may recognize them in the income statement immediately as negative variable lease payments.
  The initial conditions to be met in order to benefit from this practical expedient are:
  - The adjustments are a direct consequence of the COVID-19 pandemic,
  - The adjustments result in the consideration for the lease being substantially the same or reduced,
  - All of the payment reductions in question apply to the period up to June 30, 2021,
  - There are no other substantive changes to the other terms and conditions of the original lease.

  On March 31, 2021, the IASB published a further amendment to IFRS 16 which extends the payment reduction period in question until June 30, 2022 (as of the date of Fnac Darty's 2021 half-year financial statements, the process for European Union adoption of this change is still ongoing).

  The Group decided to apply this amendment from 2020 and continues to recognize the impact of the lease payment reductions that took place in the first half of 2021 in the income statement for the period, subject to compliance with the conditions set out above.

- **IFRIC interpretation of IAS 19 – Period for allocating the cost of services rendered:**

  In December 2020, the IFRS Interpretation Committee (IC) opened discussions concerning the interpretation of the method used to calculate company liabilities and the vesting period for retirement benefit plans. The interpretation of the committee consists of allocating retirement benefits on a straight-line basis over the period preceding the retirement age and allows for the benefits obtained to be capped. The IASB approved this approach in May 2021.

  Subject to a detailed analysis of the collective bargaining agreements that apply to the Group's various companies, this new approach may, in some cases, differ from the one currently applied by the Group, which consists of recognizing benefits on a straight-line basis between the date of entry into the scheme and the date of retirement.

  Given the time required to analyze the collective agreements, one by one, to assess the potential impact of a change of method, the Group opts to maintain the current procedure to close the financial statements to June 30, 2021. Consequently, any impacts will be taken into account in the financial statements as at December 31, 2021.

- **IFRIC interpretation of IAS 38 – Recognition of start-up costs in SaaS (Software as a Service) contracts:**

  In March 2021, the IFRS IC started a discussion concerning the recognition of configuration and customization costs of cloud-based software under a SaaS contract.

  The interpretation of the committee is to recognize these costs as an intangible asset if the customer controls, within the meaning of IAS 38, the separate assets resulting from configuration or customization. If control within the meaning of IAS 38 is not proven, these costs must be recognized in operating expenses and may be spread over the full term of the contract if they cannot be distinguished from the core service of providing the software.

  As of June 30, 2021, the application of this interpretation in the Group's consolidated financial statements has no material impact, as the residual net book value of the configuration and customization costs of SaaS contracts previously recognized as intangible assets is minimal.

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

- **Amendments to IFRS 4 – Extension of the temporary exemption from applying IFRS 9,**
- **Amendments to IFRS 9, IFRS 16, IAS 39 and IFRS 7 – Interest rate benchmark reform – Stage 2,**
- **IFRIC interpretation of IAS 38 – Configuration or customisation of costs in a cloud computing arrangement (Software as a Service),**
- **IFRIC interpretation of IFRS 9 – Hedging variability in cash flows due to real interest rates.**

2.2.3 Standards, amendments and interpretations not yet adopted by the European Union but whose application was mandatory for post-2021 reporting periods:

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

- **IFRS 17 – Insurance Contracts,**
- **Amendments to IAS 1: Classification of Liabilities as Current or Non-Current;**
- **Amendments to IFRS 3 – Reference to the conceptual framework,**
- **Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use,**
- **Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract; and**
- **Amendments to IAS 1 and IFRS Practice Statement 2 – Making materiality judgements,**
- **Amendments to IAS 8 – Definition of Accounting Estimates,**
- **Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction,**
- **Annual improvements – 2018-2020 (early adoption only possible for amendments relating to IFRS 9 and IFRS 16).**

2.3. Special features of the preparation of interim financial statements

2.3.1. Income tax

The tax expense for the period (current and deferred) is determined on the basis of the estimated effective tax rate for the current period as a whole, for each tax entity and sub-group.

2.3.2. Employee benefits

The post-employment benefit expense for the half-year is equal to one-half of the net expense calculated for the full-year period ended December 31, 2021.

In accordance with the requirements of IAS 19 and IAS 34, the amount of the net post-employment benefit obligation reflects material changes in market conditions during the preparation of interim financial statements. These material changes are detailed in note 10.

2.3.3. Seasonality of activities

Revenue from ordinary activities, operating income and all operating indicators (including working capital requirement) are characterized by a high seasonality linked to a high level of activity in the last quarter of the calendar year. Consequently, the interim results as of June 30, 2021 are not necessarily representative of those that can be expected for the full period ending December 31, 2021.

2.4. 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 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 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 accounting estimates contributing to the presentation of the financial statements as of June 30, 2021 were carried out in the context of an economic and health crisis (the "COVID-19 crisis") generating a climate of uncertainty about the economic and financial outlook. As a result, the Group took into account the reliable information available to it on the date of preparation of the condensed consolidated financial statements in terms of the impact of this crisis, the period being subject to uncertainty in this regard.

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 and judgment		Nature of the estimate and judgement
Note 2.8 of the 2020 Universal Registration Document and Notes 11 and 15 of this document	Lease agreements	Assumption regarding the lease term used: To determine the lease period to be taken into account for each contract, a double approach has been adopted: ▪ Contractual, based on analysis of the contracts: ○ For stores considered as strategic or standard, the end date of the contract corresponds to the maturity of the lease, plus any renewal options available solely to the lessee. ○ For stores considered non-strategic, the end date of the contract corresponds to the first possible exit option, with a minimum period of twelve months. ▪ Economic, based on the categorization of the underlying assets leased, depending on criteria relating to location, performance and commercial interest and in keeping with the depreciation periods for non-transferable fixed assets. In practice: The economic approach recommended by the IFRS IC applies to all leases and, for each lease, results in: ▪ Either maintaining the contractual maturity of the lease, since it reflects the reasonably assured remaining term of use. ▪ Or extending the remaining term if it is deemed too short in view of the reasonably assured lease period according to the economic approach. Assumption regarding discount rates: a rate schedule by maturity has been drawn up for each country. The discount rates are calculated using a Midswap index, by currency and by maturity, to which is added a spread (spread applied to the most recent Group borrowings + country risk premium + subsidiary rating). The maturity of the rate used depends on the duration of each lease agreement, which in turn depends on the payment profile. The maturity of the rates depends on the residual term remaining to the end of the contract, as from the date of the event.
Note 2.9 of the 2020 Universal Registration Document	Inventories	Inventory run-down forecasts for impairment calculations
Note 2.10 of the 2020 Universal Registration Document	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 2.13 of the 2020 Universal Registration Document and Note 8 of this document	Tax	Assumptions used to recognize deferred tax assets related to tax loss carry-forwards and timing differences
Note 2.15 of the 2020 Universal Registration Document	Provisions	Underlying assumptions for assessing the legal position and risk valuation
Note 2.16 of the 2020 Universal Registration Document	Employee benefits and similar payments	Discount rate, expected rate of return on assets and salary increase rate
Note 2.17 of the 2020 Universal Registration Document and Note 17.4 of this document	Assets held for sale	Assets held for sale are valued and recognized at the lower of their net book value and fair value minus cost of disposal
Note 2.18 of the 2020 Universal Registration Document	Income from ordinary activities	Deferment of revenue related to sales of loyalty cards and sales of warranty extensions over the term for which services are rendered so as to reflect 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; • Determination of the selling price.
Note 2.19 of the 2020 Universal Registration Document	Cost of merchandise sales	At the end of the reporting period, a valuation of discounts and commercial services to be collected is conducted based on the contracts signed with suppliers. This valuation is based on the amount of the annual purchases, the quantities of articles purchased or other contract conditions, such as the reaching of thresholds or the growth in purchasing volume for discounts and the execution of services rendered to suppliers for commercial cooperation
Note 7 of the 2020 Universal Registration Document	Performance-based compensation plans	Assumptions used to assess the fair value of allotted instruments (expected volatility, dividend yield, discount rate, expected turnover of beneficiaries)

Note 3 Highlights

In France in the first half of 2021, after the closure of shopping malls and shops of more than 20,000 sq.m. and then of more than 10,000 sq.m. and the introduction of a curfew at the beginning of the year, a third national lockdown was put in place from April 3 to May 18 inclusive, leading to the closure of several Group stores. In Belgium, the government imposed a strict lockdown from March 27 to May 11 inclusive, resulting in the closure of non-essential businesses, with no major impact on the Group's brands. In Switzerland, the stores were closed for a month and a half from January 18. Finally, on the Iberian Peninsula, regional lockdowns were imposed with continued footfall control, hourly restrictions in some stores and closures for shopping mall stores.
On the basis of its solid annual results for 2020, which demonstrated the resilience of its business in a context of unprecedented crisis, in March 2021 the Group finalized the restructuring of its long-term debt with an extended maturity profile, diversified sources of financing, optimized costs and the securing of its long-term liquidity.

In this way, the Group repaid its state-guaranteed loan of €500 million in full in March 2021.

In March 2021, the Group successfully placed its issue of OCEANE bonds (bonds that can be converted and/or exchanged for new and/or existing shares), maturing in 2027 and with a par value of €200 million, represented by 2,468,221 bonds with a par value €81.03 each. Based on the initial conversion and/or exchange ratio of one share per bond, the dilution effect on the company's capital was approximately 9.28% as of March 16, 2021.

The OCEANE issue was allocated to repay the €200 million Senior Term Loan Facility, which would fall due in April 2023.

At the same time, Fnac Darty renegotiated the terms of its credit facilities, adjusting its RCF to increase the total amount to €500 million, up from €400 million previously. This credit facility matures in five years (March 2026), with the option to extend it to March 2028 at Fnac Darty's request. The terms and conditions remain identical to those of the €400 million RCF. In line with the objectives of the new strategic plan Everyday, this new credit facility includes a Corporate Social Responsibility (CSR) component, which will permit the Group to improve its financing terms in the event that the designated targets are achieved.

In addition, the Group is rated by the S&P Global, Scope Ratings and Moody's rating agencies. In March 2021, the rating agencies S&P and Moody's both raised their outlook from "negative" to "stable" associated with their respective Fnac Darty 'BB' and 'Ba2' credit ratings. Lastly, in May 2021, Scope Ratings confirmed Fnac Darty's credit rating at BBB- and raised its outlook from "under review" to "stable."

IAS 36 (Impairment of Assets) requires an impairment test to be carried out for each of the cash generating units (CGUs) and its non-current assets with an indefinite life span. This test should be performed at least once a year on a fixed date or at any time if there is evidence of impairment. During the first half of 2021, and on the basis of its solid results, the resilience of its economic model and its market valuation, the Group found no evidence of impairment and confirmed that there was no doubt as to its ability to continue operating as a going concern and the absence of any liquidity risk.

Store closures linked to the health crisis led the Group to negotiate with its lessors and to obtain temporary rent reductions during the lockdown period.
In accordance with the IASB's amendment to IFRS 16 of May 28, 2020, the reductions negotiated within the framework of the health crisis were recognized during the period in question.

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

Information per operating segment

(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
As of June 30, 2021				
Income from ordinary activities	**2,878.4**	**285.3**	**301.0**	**3,464.7**
- Consumer electronics	1,374.0	172.7	154.2	**1,700.9**
- Editorial products	404.5	77.7	22.5	**504.7**
- Domestic appliances	724.3	0.0	105.2	**829.5**
- Other products and services	375.6	34.9	19.1	**429.6**
Current operating income	**32.7**	**(4.2)**	**5.6**	**34.1**
Acquisitions of intangible assets, property, plant and equipment (1)	(41.7)	(3.9)	(1.0)	**(46.6)**
Segment assets	**4,367.9**	**338.0**	**416.2**	**5,122.1**
Segment liabilities	**1,673.9**	**133.8**	**143.0**	**1,950.7**

(1) Acquisitions of property, plant and equipment and intangible assets including changes in receivables and payables on non-current assets

(€ million)	France and Switzerland	Iberian Peninsula	Belgium and Luxembourg	Total
As of June 30, 2020				
Income from ordinary activities	**2,342.7**	**239.5**	**266.8**	**2,849.0**
- Consumer electronics	1,113.6	149.0	137.9	**1,400.5**
- Editorial products	333.5	62.4	19.8	**415.7**
- Domestic appliances	557.6	0.0	91.1	**648.7**
- Other products and services	338.0	28.1	18.0	**384.1**
Current operating income	**(45.6)**	**(12.7)**	**0.7**	**(57.6)**
Acquisitions of intangible assets, property, plant and equipment (1)	40.2	7.0	3.0	**50.2**
Segment assets	**4,328.1**	**321.9**	**414.9**	**5,064.9**
Segment liabilities	**1,778.7**	**121.5**	**153.4**	**2,053.6**

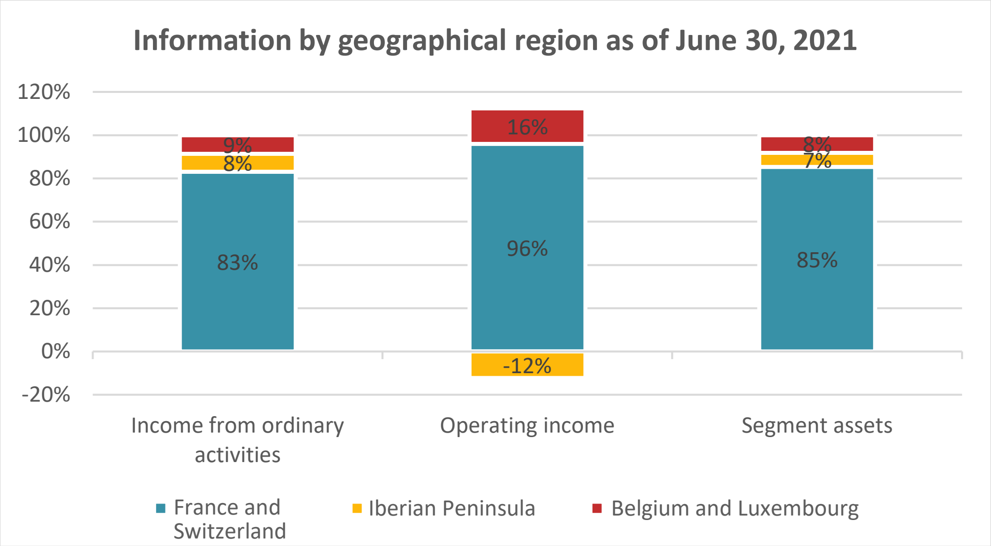
(1) Acquisitions of property, plant and equipment and intangible assets including changes in receivables and payables on non-current assets

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

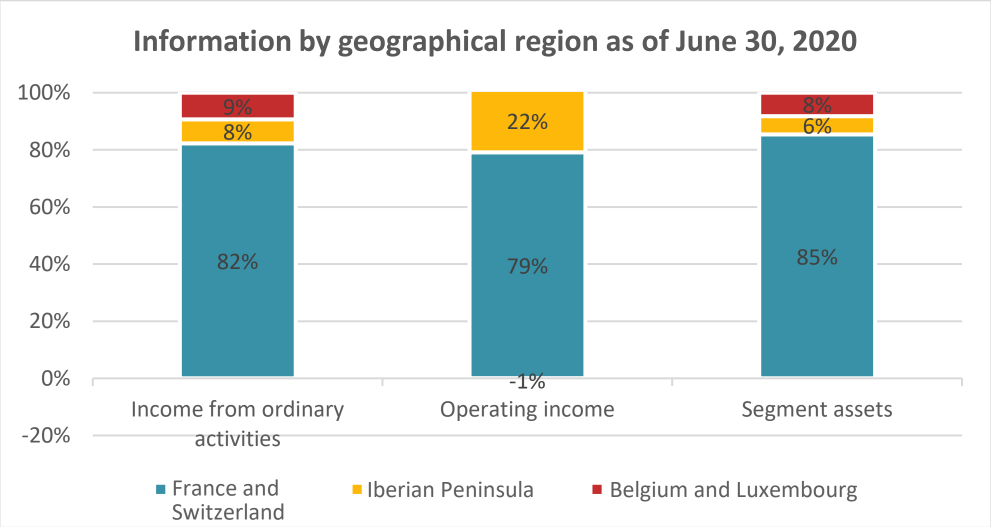
(1) Acquisitions of property, plant and equipment and intangible assets including changes in receivables and payables on non-current assets

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

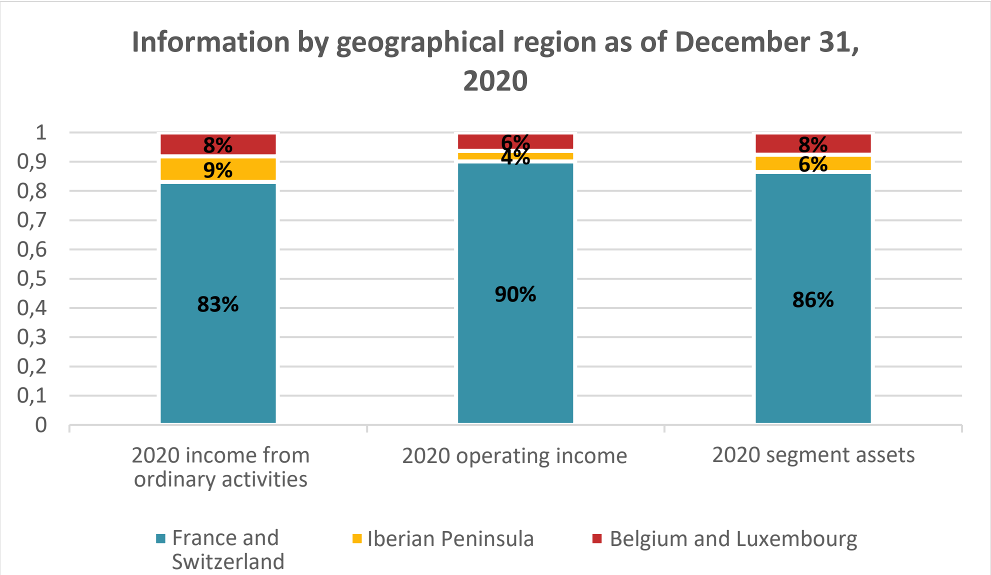
In the first half of 2021:



In the first half of 2020:



In 2020:



Note 5 Personnel expenses

In the first half of 2021, personnel expenses returned to more normal levels. For the lockdown period in the first half of the 2020, the Group had resorted to the use of furlough for around 80% of the Group's staff, following the total closure of its store network. Therefore, in the first half of 2021, personnel expenses increased by €79.0 million, compared to the first half of 2020.

The application of IFRS 2 – Share-based payment results in the recognition of a personnel expense that is allocated on a straight-line basis over the vesting period as follows. As of June 30, 2021, all plans allotted by the Group will be equity-settled.

Personnel expenses for the period include an expense related to the application of this standard. This expense is recognized for the share of the fair value of services rendered during the period. It relates to the performance stock option plans.

Based on the assumptions detailed in the 2020 annual financial statements, the IFRS 2 expense totaled €7.8 million for the first half of 2021, compared with €2.8 million for the first half of 2020.

Note 6 Other non-current operating income and expense

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
Impairment of the Darty brand	0.0	(14.2)
Incremental costs of the health crisis	0.0	(5.8)
Fnac Darty restructuring costs	0.0	(0.6)
Costs connected with new business acquisitions	0.0	0.0
Other restructuring costs	(0.2)	(1.8)
Exceptional bonus for purchasing power	0.0	0.0
Other non-current operating income and expense, net	(2.3)	(2.5)
Total	**(2.5)**	**(24.9)**

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 the first half of 2021, this item represented a net expense of €2.5 million and included:

- €0.2 million in restructuring costs for employee and structural adaptation plans in France and abroad; and
- A net expense of €2.3 million resulting from various one-off litigation cases.

In the first half of 2020, this item comprised a net expense of €24.9 million and included:

- As a result of the health crisis that occurred during the first half of 2020 and the evidence of impairment observed, the Group conducted impairment tests that resulted in an impairment of the Darty brand of €14.2 million. By way of a reminder, the Darty brand was valued at €301.7 million in 2016 when Darty was acquired. As a result of this impairment, the net value of the Darty brand in the Group's accounts is €287.5 million.
- Fnac Darty noted the opinions of the ESMA and the AMF and decided not to present the full cost of the health crisis as a non-current expense. Consequently, in the first half of 2020, the Group only presented the exceptional additional costs directly caused by the health crisis as non-current expenses. These costs corresponded to the establishment of hygiene measures in stores, as well as all one-off bonuses paid to employees who worked in the Group's warehouses during lockdown period to deliver online orders. As of June 30, 2020, these costs represent a total amount of €5.8 million.
- €0.6 million in restructuring costs, related to the implementation of the Group's reorganization;
- €1.8 million in restructuring costs for employee and structural adaptation plans in France and abroad; and
- Other non-current income and expense represented a net expense of €2.5 million resulting from various one-off litigation cases.

Note 7 (Net) financial expense

Net financial expense breaks down as follows:

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
Costs related to Group debt	(13.1)	(13.5)
Interest on leasing debt	(10.5)	(10.8)
Cost of consumer credit	(0.8)	(1.3)
Other financial income and expense, net	(0.0)	2.6
Net financial expense	**(24.5)**	**(22.9)**

In the first half of 2021, financial income was composed of a net financial expense of €24.5 million, compared with a net financial expense of €22.9 million for the first half of 2020.

During the first six months of 2021 and 2020, the costs related to Group debt mainly comprised the financial interest for the €650 million bond issue and the €200 million medium-term credit facility that was repaid in March 2021, as well as the financial interest on the €100 million loan from the European Investment Bank and the financial interest and actuarial costs of the OCEANE bonds issued by the Group in March 2021 in the amount of €200 million. These costs also include the deferment of implementation costs for the Group's financial debt.

In the first half of 2021, interest on leasing debt linked to the application of IFRS 16 represented €10.5 million. This expense was down €0.3 million compared to the first half of 2020.

The cost of consumer credit represented an expense of €0.8 million in the first half of 2021, compared to an expense of €1.3 million in the first half of 2020.

Other financial income and expense includes the financial impacts associated with post-employment employee benefits and the fair value adjustment of the Group's financial assets, represented primarily by the financial assets of Daphni Purple.

Note 8 Tax

Analysis of the tax expense on continuing operations:

	Period ended June 30	
(€ million)	**2021**	**2020**
Pre-tax income	**7.1**	**(105.4)**
Current tax expense	(4.6)	54.9
Current tax expense related to corporate value-added tax (CVAE)	(6.1)	(9.4)
Deferred tax income/(expense)	1.6	(19.8)
Total tax expense	**(9.1)**	**25.7**
Global half-year tax rate	**128%**	**24%**

Due tax expense and deferred tax expense for the first half of the year are calculated on the basis of the estimated effective tax rate for the whole period for each fiscal entity or sub-entity.

Current tax expense and deferred tax have been assessed on an annual basis. Using the anticipated average effective rate makes it possible, among other things, to reflect the combination of progressive tax rate structures that would apply to the income for the period for each tax sub-group, including changes to any enacted or nearly enacted tax rates that should take effect slightly later in the year.

The effective total half-year tax rate for the Group is obtained using the expected effective tax rate for 2021 for each tax sub-group. The half-year amount depended on the weighting of the income of each tax sub-group in the Group's half-yearly pre-tax income and was not representative of the expected annual tax rate for 2021. The reading of the half-yearly tax rate per tax sub-group is more representative of the expected 2021 annual tax rate:

		of which		
	Group	**France**	**International subsidiaries, taxable in 2021**	**International subsidiaries, tax exempt in 2021**
Global half-year tax rate	**128%**	**49%**	**34%**	**1%**
Of which corporate value-added tax (CVAE)		*39%*	*0%*	*0%*
Recurrent effective tax rate excluding CVAE		31%	34%	1%

Given the negative pre-tax income in the first half of 2020, using the effective tax rate resulted in a tax credit.

Note 9 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 the first half of 2021, Fnac Darty held an average of 68,952 treasury stocks as part of the liquidity agreement entered into with Oddo BHF and Natixis.

As of June 30, 2021, the Group held 73,751 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, as well as the 2,468,221 convertible bonds created by the OCEANE issue in March 2021. The conversion of the OCEANE issued by Fnac Darty will result in the award of a fixed number of shares for a fixed cash amount and the terms and conditions provide for full dividend protection, resulting in a parity adjustment once a dividend is paid. When the 2021 dividend was paid, the parity was adjusted from 1 to 1.019, i.e. 2,515,117 shares.

For the first half of 2021, instruments issued by the Group had a dilutive effect of 3,264,002 shares.

The number of shares that could potentially become diluting during a subsequent year is 450,445.

Earnings per share as of June 30, 2021

As of June 30, 2021

		Group share	
(€ million)	**Consolidated Group**	**Continuing operations**	**Discontinued operations**
Net income attributable to ordinary shareholders	**17.2**	**0.5**	**16.7**
Weighted average number of ordinary shares issued	26,630,693	26,630,693	26,630,693
Weighted average number of treasury stock	(68,952)	(68,952)	(68,952)
Weighted average number of ordinary shares	**26,561,741**	**26,561,741**	**26,561,741**
Basic earnings per share (€)	**0.65**	**0.02**	**0.63**

		Group share	
(€ million)	**Consolidated Group**	**Continuing operations**	**Discontinued operations**
Net income attributable to ordinary shareholders	**17.2**	**0.5**	**16.7**
Convertible and exchangeable instruments			
Diluted net income, Group share	**17.2**	**0.5**	**16.7**
Weighted average number of ordinary shares	26,561,741	26,561,741	26,561,741
Potentially dilutive ordinary shares	3,264,002	3,264,002	3,264,002
Weighted average number of diluted ordinary shares	**29,825,743**	**29,825,743**	**29,825,743**
Diluted earnings per share (€)	**0.58**	**0.02**	**0.56**

Earnings per share as of June 30, 2020

As of June 30, 2020

(€ million)	Consolidated Group	Group share Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(118.3)**	**(76.7)**	**(41.6)**
Weighted average number of ordinary shares issued	26,557,793	26,557,793	26,557,793
Weighted average number of treasury stock	(105,476)	(105,476)	(105,476)
Weighted average number of ordinary shares	**26,452,317**	**26,452,317**	**26,452,317**
Basic earnings per share (€)	**(4.47)**	**(2.90)**	**(1.57)**

(€ million)	Consolidated Group	Group share Continuing operations	Discontinued operations
Net income attributable to ordinary shareholders	**(118.3)**	**(76.7)**	**(41.6)**
Convertible and exchangeable instruments			
Diluted net income, Group share	**(118.3)**	**(76.7)**	**(41.6)**
Weighted average number of ordinary shares	26,452,317	26,452,317	26,452,317
Potentially dilutive ordinary shares	105,283	105,283	105,283
Weighted average number of diluted ordinary shares	**26,557,600**	**26,557,600**	**26,557,600**
Diluted earnings per share (€)	**(4.46)**	**(2.89)**	**(1.57)**

Note 10 Other items of comprehensive income

Other items of comprehensive income mainly comprise:

- Profit and loss from the translation of the financial statements for operations outside France;
- The change in the effective portion of hedging instruments,
- Items relating to the measurement of employee benefit obligations: revaluation of net liabilities for defined benefit plans. The increase in interest rates seen during the first half of 2021 in the Eurozone meant that the reference discount rates, the rates of top-rated corporate bonds, increased. At the same time, the discount rate applicable in the United Kingdom also went up. Consequently, an adjustment to the amount of the Comet liability was recognized in the interim financial statements, which was reflected by a decrease in the relevant commitment. The impact on shareholders' equity appears under "Other items of comprehensive income."

The discount rates used by the Group to calculate this impact are as follows:

(€ million)	**As of June 30, 2021**	**As of December 31, 2020**
Discount rate		
- France	0.95%	0.55%
- Switzerland	0.00%	0.00%
- United Kingdom	1.90%	1.40%

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

As of June 30, 2021

(€ million)	**Net**
Translation difference	(1.7)
Fair value of hedging instruments	1.9
Items that may be reclassified subsequently to profit or loss	**0.2**
Revaluation of net liabilities for defined benefit plans	27.0
Items that may not be reclassified subsequently to profit or loss	**27.0**
Other items of comprehensive income, after tax as of June 30, 2021	**27.2**

As of June 30, 2020

(€ million)	**Net**
Translation difference	2.1
Fair value of hedging instruments	0.1
Items that may be reclassified subsequently to profit or loss	**2.2**
Revaluation of net liabilities for defined benefit plans	(12.1)
Items that may not be reclassified subsequently to profit or loss	**(12.1)**
Other items of comprehensive income, after tax as of June 30, 2020	**(9.9)**

Note 11 Rights of use

The table below shows the rights of use by asset class:

(€ million)	Stores	Offices	Platforms	Other	Total
Net value as of December 31, 2020	**908.6**	**85.7**	**64.1**	**51.0**	**1,109.4**
Increase (Inflows and revaluation of assets)	55.6	0.7	0.4	15.8	72.5
Decrease (Amortization, depreciation, terminations)	(114.5)	(6.9)	(7.1)	(10.2)	(138.7)
Impairment					0.0
Changes in foreign exchange rates	(0.2)	(0.1)	(0.0)	0.0	(0.3)
Other changes	(1.3)				(1.3)
Assets and liabilities held for sale					0.0
Net value as of June 30, 2021	**848.2**	**79.4**	**57.5**	**56.5**	**1,041.6**

The items relating to leasing debt are presented in note 15.

Note 12 Shareholders' equity

12.1. Share capital

As of June 30, 2021, the share capital stood at €26,761,118. It was comprised of 26,761,118 fully paid-up shares with a par value of €1 each. In the first half of 2021, the increase in share capital relates to the creation of 152,547 shares to provide the increase in share capital reserved for the free allotment of shares within the framework of performance-based compensation plans and the 2020 bonus securitization plan.

12.2. Appropriation of earnings

An initial ordinary dividend of €1.00 gross per share in respect of 2020, representing a distribution rate of approximately 30%, was awarded in the first half of 2021. The ex-dividend date was July 5, 2021 and the payment date was July 7, 2021.

12.3. Treasury stock

In the first half of 2021, Fnac Darty held an average of 68,952 treasury stocks as part of the liquidity agreement entered into with Oddo BHF and Natixis.

As of June 30, 2021, the Group held 73,751 treasury stocks.

12.4. Shareholders' equity component – OCEANE bonds

The conversion of the OCEANE issued by Fnac Darty will result in the award of a fixed number of shares for a fixed cash amount and the terms and conditions provide for full dividend protection, resulting in a parity adjustment once a dividend is paid. Since the "fixed for fixed" condition has been met, the conversion option has therefore been classified as an equity instrument. The fair value of this component was determined at the time of the issue and recognized as shareholders' equity for a gross amount of €20.8 million, i.e. a net amount of €15.4 million.

The debt component was recognized at amortized cost for an initial amount of €179.2 million in March 2021.

Note 13 Cash and cash equivalents

Cash and cash equivalents break down as follows:

(€ million)	As of June 30, 2021	As of December 31, 2020
Cash	479.0	1,568.7
Cash equivalents	0.0	0.0
Total	**479.0**	**1,568.7**

As of June 30, 2021, cash included €2.5 million allocated as part of the establishment of the liquidity agreement. This agreement is designed to promote transaction liquidity and consistency in the Fnac Darty share price.

The items that the Group recognizes as "Cash and cash equivalents" meet the strict criteria listed in the AMF Position issued in 2008 and updated in 2011. In particular, investments are regularly reviewed in compliance with the Group procedures and in strict compliance with the qualification criteria defined under IAS 7 and with AMF recommendations. As of June 30, 2021, these analyses did not lead to changes in the accounting classification.

Note 14 Financial debt

(€ million)	As of June 30, 2021	N+1	N+2	N+3	N+4	N+5	Beyond	As of December 31, 2020
Long-term borrowings and financial debt	**930.2**	**0.0**	**1.3**	**317.0**	**16.7**	**366.7**	**228.5**	**901.9**
2026 bond	350.0					350.0		350.0
2024 bond	300.0			300.0				300.0
European Investment Bank loan	100.0			16.7	16.7	16.7	49.9	100.0
Financial debt component of OCEANE bonds	178.6						178.6	0.0
Medium-term credit facility	0.0							150.0
Other financial debt	1.6		1.3	0.3				1.9
Short-term borrowings and financial debt	**3.2**	**3.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**552.9**
State guaranteed loan	0.0							500.0
Medium-term credit facility	0.0							50.0
Capitalized interest on borrowings	1.8	1.8						1.3
Other financial debt	1.4	1.4						1.6
Total financial debt excluding IFRS 16	**933.4**	**3.2**	**1.3**	**317.0**	**16.7**	**366.7**	**228.5**	**1,454.8**
%		0.3%	0.1%	34.0%	1.8%	39.3%	24.5%	
Leasing debt IFRS 16	**1,049.6**	**229.9**	**216.0**	**171.8**	**122.0**	**90.4**	**219.5**	**1,113.8**
Long-term leasing debt IFRS 16	819.7		216.0	171.8	122.0	90.4	219.5	884.1
Short-term leasing debt IFRS 16	229.9	229.9						229.7
Total financial debt with IFRS 16	**1,983.0**	**233.1**	**217.3**	**488.8**	**138.7**	**457.1**	**448.0**	**2,568.6**

On the basis of its solid annual results for 2020, which demonstrated the resilience of its business in a context of unprecedented crisis, in March 2021 the Group finalized the restructuring of its long-term debt with an extended maturity profile, diversified sources of financing, optimized costs and the securing of its long-term liquidity.

In this way, the Group repaid its state-guaranteed loan of €500 million in full in March 2021.

In March 2021, the Group successfully placed its issue of OCEANE bonds (bonds that can be converted and/or exchanged for new and/or existing shares), maturing in 2027 and with a par value of €200 million, represented by 2,468,221 bonds with a par value €81.03 each. Based on the initial conversion and/or exchange ratio of one share per bond, the dilution effect on the company's capital was approximately 9.28% as of March 16, 2021.

The OCEANE issue was allocated to repay the €200 million Senior Term Loan Facility, which would fall due in April 2023.

At the same time, Fnac Darty renegotiated the terms of its credit facilities, adjusting its RCF to increase the total amount to €500 million, up from €400 million previously. This credit facility matures in five years (March 2026), with the option to extend it to March 2028 at Fnac Darty's request. The terms and conditions remain identical to those of the €400 million RCF. In line with the objectives of the new strategic plan Everyday, this new credit facility includes a Corporate Social Responsibility (CSR) component, which will permit the Group to improve its financing terms in the event that the designated targets are achieved.

The OCEANE issue was recognized as new debt.

In accordance with IFRS standards, a bond convertible into shares has two components (split accounting):

- a debt component;

And

- a conversion option, which is in fact a purchase option on treasury stock, sold by the issuer to the bond subscriber. This conversion option may be considered either an equity instrument or a derivative. If it is classified as an equity instrument, the premium is recognized in shareholders' equity. If it is classified as a derivative, the premium is recognized as a debt in the balance sheet (derivative liabilities).

The conversion of the OCEANE issued by Fnac Darty will result in the award of a fixed number of shares for a fixed cash amount and the terms and conditions provide for full dividend protection, resulting in a parity adjustment once a dividend is paid.

Since the "fixed for fixed" condition has been met, the conversion option has therefore been classified as an equity instrument. The fair value of this component was determined at the time of the issue and recognized as shareholders' equity for a gross amount of €20.8 million, i.e. a net amount of €15.4 million.

The debt component was initially recognized at amortized cost for €179.2 million.

This bond issue includes a change of control clause that could lead to early repayment at the request of each OCEANE unitholder in the event of a change of control of Fnac Darty (to a single entity or to a group of entities acting together).

As of June 30, 2021, gross financial debt mainly comprises:

- the bonds maturing in 2024 for €300 million and in 2026 for €350 million,

- the debt component of the OCEANE bonds that can be converted and/or exchanged for new and/or existing shares, for €178.6 million,

- borrowing from the European Investment Bank amounting to €100 million.

Compared to December 31, 2020, net financial debt decreased by €521.4 million excluding leasing debt linked to IFRS 16, and by €585.6 million with leasing debt. This decrease is mainly linked to the repayment of the €500 million state-guaranteed loan in March 2021.

Leasing debt is broken down in note 15.

Note 15 Leasing debt

Leasing debt is broken down as follows:

(€ million)	As of December 31, 2020	New agreements and revaluations	Devaluations	Repayment	Change in foreign exchange rates	Reclassification	As of June 30, 2021
Short-term leasing debt	229.7	9.4	(6.9)	(115.5)	(0.1)	113.4	230.0
Long-term leasing debt	884.1	61.7	(12.4)	0.0	(0.3)	(113.4)	819.6
Leasing debt	**1,113.8**	**71.0**	**(19.3)**	**(115.5)**	**(0.4)**	**0.0**	**1,049.6**

The payment schedule for leasing debt is as follows:

(€ million)	As of June 30, 2021
N+1	229.9
N+2	216.0
N+3	171.8
N+4	122.0
N+5	90.4
More than 5 years	219.5
Total	**1,049.6**

Exemptions, relief and other information relating to IFRS 16:

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

For short-term lease agreements (less than or equal to 12 months) and lease agreements for low-value assets (less than USD 5,000), the Group has chosen to apply the exemption 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 reduction, 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 was carried out in order to link finance leasing debt to leasing debt and finance leasing assets to right of use.

In accordance with IFRS 16, the leasehold rights amount was reclassified under right-of-use assets.

With regard to sub-leases relating to real estate leases, the Group recognizes, in accordance with IFRS 16, a sub-lease debt primarily in return for the right of use, and for the difference in shareholders' equity.

Exemptions, relief and other information relating to IFRS 16 are set out in the following tables:

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
Variable rent expenses	1.0	0.3
Expenses on low-value contracts	0.4	0.3
Expenses on short-term contracts	0.2	0.3
Sub-lease income	0.5	0.5

(€ million)	**As of June 30, 2021**	**As of December 31, 2020**
Rental commitment on short-term contracts	0.3	0.2
Financing lease assets	0.2	0.9
Financing lease debt	0.1	0.3
Leasehold rights reclassified as rights of use	39.9	40.4

Note 16 Net financial debt

Fnac Darty's net financial debt can be broken down as follows:

(€ million)	**As of June 30, 2021**	**As of December 31, 2020**
Gross financial debt	933.4	1,454.8
Cash and cash equivalents	(479.0)	(1,568.7)
Net financial debt excluding IFRS 16	**454.4**	**(113.9)**
Leasing debt	1,049.6	1,113.8
Net financial debt with IFRS 16	**1,504.0**	**999.9**

Note 17 Cash flow statement

Cash stood at €479.0 million as of June 30, 2021 and corresponded to the amount of cash and cash equivalents presented below:

(€ million)	**As of June 30, 2021**	**As of December 31, 2020**
Cash and cash equivalents in the balance sheet	479.0	1,568.7
Bank overdrafts	0.0	0.0
Cash and cash equivalents in the cash flow statement	**479.0**	**1,568.7**

The change in the Group's cash position is as follows:

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
Net cash flows from operating activities	(404.8)	(330.1)
Net cash flows from investing activities	(44.9)	(50.1)
Net cash flows from financing activities	(637.2)	307.5
Net cash flows from discontinued operations	(2.3)	(12.9)
Impact of changes in foreign exchange rates	(0.5)	(1.1)
Net change in cash	**(1,089.7)**	**(86.7)**

17.1. 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)	**As of June 30, 2021**	**As of June 30, 2020**
Cash flow before tax, dividends and interest	212.1	109.4
Change in working capital requirement	(579.0)	(415.4)
Income tax paid	(37.9)	(24.1)
Net cash flows from operating activities	**(404.8)**	**(330.1)**

The composition of cash flow from operations was as follows:

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
Net income from continuing operations	**(2.0)**	**(79.7)**
Current and non-current additions and reversals on non-current assets and provisions for contingencies and expenses	181.6	191.9
Current proceeds from the disposal of operating assets	0.4	0.0
Non-current proceeds from the disposal of operating assets	0.0	0.0
Non-current proceeds from the disposal of financial assets	0.0	0.0
Deferred tax income and expense	(1.6)	19.8
Discounting of provisions for pensions & other similar benefits	1.1	4.1
Financial additions and reversals on non-current financial assets	(1.7)	(5.9)
Cash flow	**177.8**	**130.2**
Financial interest income and expense	23.6	24.7
Dividends received	0.0	0.0
Net tax expense payable	10.7	(45.5)
Cash flow before tax, dividends and interest	**212.1**	**109.4**

17.2. 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).

Operating and financial investments made by the Group in the first half of 2021 amounted to €44.9 million.

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
Net operating investments	(46.4)	(49.8)
Net financial investments	1.5	(0.3)
Cash flows from investing activities	**(44.9)**	**(50.1)**

The Group's net operating investments in the first half of 2021 amounted to €46.4 million, the bulk of which comprised acquisitions of intangible assets and property, plant and equipment, for the purposes of opening new points of sale, renovating existing points of sale, expanding logistical storage capabilities, pushing forward with the convergence of the Fnac and Darty IT systems, and developing websites.

Excluding change in debt for non-current assets, acquisitions of non-current assets increased in the first half of 2021 compared to the first half of 2020, following the sharp downward review of investments during the first half of 2020 in the context of the health crisis.

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
Acquisitions of intangible assets, property, plant and equipment	(45.6)	(37.5)
Change in payables on non-current assets	(1.1)	(12.7)
Total asset acquisitions	**(46.7)**	**(50.2)**
Disposals of non-current assets	0.3	0.4
Total asset acquisitions and disposals	**(46.4)**	**(49.8)**

In the first half of 2021, net financial investments represented receipts of €1.5 million, compared to a net disbursement of €0.3 million in the first half of 2020.

(€ million)	**As of June 30, 2021**	**As of June 30, 2020**
Acquisitions and disposals of subsidiaries net of cash acquired and transferred	0.0	(0.7)
Acquisition of other financial assets	1.5	0.4
(Net) financial investments	**1.5**	**(0.3)**

In the first half of 2021, there were no receipts or disbursements related to acquisitions and disposals of subsidiaries. In the first half of 2020, this item represented a disbursement of €0.7 million, incorporating both a receipt of €3.5 million in March 2020 related to an adjustment of the acquisition price of Nature & Découvertes, in accordance with the provisions of the sale agreement, and a disbursement of €4.2 million related to a commitment to exercise a sale option on WeFix shares.

In the first half of 2021, receipts related to the acquisition of other financial assets were repayments of guarantee deposits totaling €1.5 million. In the first half of 2020, this item included investment in the Daphni Purple Fund for €0.4 million, as well as a positive cash flow of €0.8 million linked to repayments of guarantee deposits by lessors.

As of June 30, 2021, the Group agreed to underwrite the remaining 23% of the Daphni Purple Fund for €1.6 million.

17.3. Net cash flows from financing activities

(€ million)	As of June 30, 2021	As of June 30, 2020
Capital increase/(decrease)	0.0	0.0
Other transactions with shareholders	0.0	0.0
Purchases or sales of treasury stock	(0.9)	1.0
Dividends paid to shareholders	(0.6)	0.0
Debt issued	200.0	500.0
Debt repaid	(700.0)	0.0
Repayment of leasing debt	(115.5)	(112.3)
Interest paid on leasing debt	(10.6)	(10.8)
Other financial working capital requirements	9.0	
Increase/decrease in other financial debt	(0.6)	(55.4)
Interest and equivalent payments	(17.3)	(14.6)
Financing of the Comet pension fund	(0.7)	(0.4)
Net cash flows from financing activities	**(637.2)**	**307.5**

In the first halves of 2021 and 2020, receipts and disbursements for acquisitions and disposals of treasury stock represented cash flows generated within the framework of the liquidity agreement entered into with Oddo BHF and Natixis. As of June 30, 2021, the Group held 73,751 treasury stocks, compared to 94,765 treasury stocks as of June 30, 2020.

In the first half of 2021, the receipt of €200 million in debt issued corresponded to cash received following the issue of the OCEANE bond in March 2021. The cash inflow of €500 million by way of the issue of borrowings in the first half of 2020 corresponds to the State-guaranteed loan of €500 million, subscribed to by the Group in April 2020, to secure cash and prepare for the resumption of activities following the health crisis.

In the first half of 2021, disbursements in respect of debt repaid represents the repayment of the €500 million state-guaranteed loan, and the early repayment of the medium-term credit facility in the amount of €200 million. These repayments were made in March 2021, as part of the implementation of the Group's new financing strategy.

Repayments of leasing debt and interest paid on leasing debt correspond to rental payments falling within the scope of application of IFRS 16.

In the first half of 2021, other financial working capital requirements represented the cash advances received from events organizers.

In the first half of 2021, the decrease in other financial debt corresponded to the repayment of financial debts incurred by Nature & Découvertes. In the first half of 2020, the €55.4 million disbursement mainly corresponded to the repayment of short-term negotiable debt instruments. During the first half of 2021, the amount of the short-term negotiable debt instruments program was increased from €400 million to €500 million. This facility was not used during the first half of 2021.

As of June 30, 2021, net disbursements for interest and equivalent payments mainly include the disbursement of interest for financing and utilization and non-utilization fees for credit facilities of €11.6 million. They also included a €2.5 million disbursement of the collateral for the state-guaranteed loan, €1.7 million for the costs incurred in extending the RCF, and €1.5 million in charges incurred in setting up the OCEANE issue.

As of June 30, 2020, net disbursements for interest and similar payments mainly included the disbursement of interest for financing and utilization and non-utilization fees for credit facilities of €13.6 million. These disbursements also included the costs associated with implementing the State-guaranteed loan for an amount of €1.0 million.

The financing of the British Comet pension fund represents the cash paid by the Group under the pension commitments for former Comet employees in the United Kingdom.

17.4. Income from discontinued operations and net cash flows from 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.

(€ million)	**30-Jun-21**	**30-Jun-20**
Income from ordinary activities	**0.0**	**231.2**
Cost of sales	0.0	(177.2)
Gross margin	**0.0**	**54.0**
Personnel expenses	0.0	(27.2)
Other current operating income and expense	0.0	(21.7)
Current operating income	**0.0**	**5.1**
Other non-current operating income and expense	(0.1)	(44.9)
Operating income	**(0.1)**	**(39.8)**
(Net) financial expense	0.0	(1.8)
Pre-tax income	**(0.1)**	**(41.6)**
Income tax	16.8	0.0
Net income	**16.7**	**(41.6)**

In the first half of 2021, net income from discontinued operations was €16.7 million, compared to -€41.6 million for the first half of 2020. In the first half of 2021, this result was mainly linked to an adjustment in 2021 of the tax treatment applied to the disposal of the Dutch subsidiary BCC in 2020. In the first half of 2020, the amounts corresponded primarily to the estimated costs of divesting the Dutch subsidiary BCC, and in particular the writing-off of BCC's outstanding accounts. The subsidiary BCC was sold on November 25, 2020.

(€ million)	**30-Jun-21**	**30-Jun-20**
Net cash flows from operating activities	(2.3)	(6.1)
Net cash flows from investing activities	0.0	(1.4)
Net cash flows from financing activities	0.0	(6.7)
Impact of changes in exchange rates	0.0	0.0
Net cash flows	**(2.3)**	**(14.2)**
Change in cash position	0.0	1.3
Net cash flows from discontinued operations	**(2.3)**	**(12.9)**

In the first half of 2021, net cash flows from discontinued operations mainly represented residual disbursements of €1.4 million linked to the disposal of the Dutch subsidiary BCC.

(€ million)	**As of June 30, 2021**	**As of December 31, 2020**
Assets held for sale	**0.0**	**0.0**
Liabilities relating to assets held for sale	**0.0**	**0.0**

Note 18 Changes in contingent liabilities, unrecognized contractual commitments and contingent risks

Contingent liabilities, unrecognized contractual commitments and contingent risks as of December 31, 2020 are set out in Section 5, note 32 of the 2020 Universal Registration Document.

Compared to 2020, there is no material change in the commitments given or received in terms of contractual obligations, pledges or charges on real estate.

Proceedings, litigation and main risks and uncertainties for the remaining half-year

In the first half of 2021, the Group continued to implement exceptional measures to limit the impact of the health crisis on its structure and income levels. Continued uncertainty on the future global development of the health crisis are making business forecasts uncertain. The risk of lockdown linked to a new wave of the pandemic, as well as the risk of a slower-than-expected resumption of activity, expose the Group to a large number of risks and uncertainties for the next six months of 2021.

In parallel with risks related to the health crisis, Fnac Darty's companies are involved in a certain number of proceedings and litigation cases during 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 has 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.

During the course of 2020, a preliminary matter was raised regarding the application of certain conditions of section 239 of the Insolvency Act 1986 in this case, which are pre-requisites for the substantive legal proceedings to be admissible. At the end of the proceedings relating to this preliminary matter, appealed before the High Court in March 2021, an order of April 23, 2021, concluded that the conditions of Section 239 of the Insolvency Act 1986 are applicable in this case. The substantive proceedings, which had been suspended pursuant to the appeal on the preliminary matter, resumed with a trial set for October 2022 and a decision that could be handed down in the fourth quarter of 2022. If the judgment was unfavorable to Darty, any amount to be reimbursed will be payable within 14 days of the date of the judgment. In the event of an appeal by either party, this appeal would likely be heard in 2023 depending on the judgment.

In July 2020, the Fnac Darty Group was summonsed to appear before the Paris Commercial Court in two cases brought by a number of members of the Darty Affiliate Group.

The first case, amounting to approximately €2.2 million, mainly involved the processing of online sales under the click & collect system in operation in franchised stores, an issue that many franchise networks are facing given the increase in online sales across all sectors. The primary claim in this dispute was resolved and the parties came up with a solution to their differences over the residual claim (approximately €0.4 million) through conciliation proceedings before the Paris Commercial Court. Their agreement was sealed by a settlement of €0.3 million.

The second dispute, in the amount of approximately €12.8 million, is based on claims that Fnac Darty should be responsible for the impact of the closure of franchised stores during the lockdown period. It goes without saying that Fnac Darty firmly refutes the basis of this claim. Here too, the parties sought conciliation to settle their differences but the conciliation failed. The case is therefore proceeding in the lower courts.

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, earnings or financial position for which an estimated provision had to be recorded at period-end. No litigation is material at Company or Group level, when considered on a stand-alone basis.

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

The main risks and uncertainties the Group may face in the second half of 2021 are set out in Section 6 of the Group's 2020 Universal Registration Document.

Note 19 Related parties

As of June 30, 2021, the Ceconomy Retail International group held 24.1% of the share capital and 24.1% of the voting rights in Fnac Darty. In the first half of 2021, there were no transactions between Fnac Darty consolidated companies and the Ceconomy Retail International group.

As of June 30, 2021, INDEXIA (formerly SFAM) holds 11.3% of the equity and 11.3% of the voting rights in Fnac Darty and does not have a representative on the Fnac Darty Board of Directors. Therefore, INDEXIA is not a related party.

Note 20 Events occurring after the close of the period

The Group has reactivated its shareholder return policy with the payment of a first ordinary dividend of €1.00 per share, paid in cash on July 7 for a total amount of €26.7 million.

4 STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

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Statutory Auditors' Report on the interim financial information 2021

Period from January 1 to June 30, 2021

Dear Fnac Darty shareholders,

In accordance with the duties entrusted to us by your general meetings and pursuant to the requirements of Article L.451-1-2 III of the French Monetary and Financial Code, we are hereby reporting to you on:

- the limited review of the interim condensed consolidated financial statements of Fnac Darty S.A. for the period from January 1 to June 30, 2021, as attached to this report;
- the verification of the information contained in the interim management report.

The global crisis caused by the COVID-19 pandemic created a set of unique circumstances for the preparation and limited review of the interim condensed consolidated financial statements. The crisis and the exceptional measures taken within the framework of the health emergency brought about multiple consequences for companies, in particular for their activity and financing, as well as heightened uncertainties on their outlook for the future. Some of these measures, such as travel restrictions and remote working, also had an impact on the internal structure of companies and how work is carried out.

These condensed consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express an opinion on these financial statements based on our limited review.

I – Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France.

A limited review essentially consisted of conducting interviews with the persons responsible for financial and accounting matters, and applying cost accounting procedures. This work is substantially less extensive in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the assurance that the financial statements, considered as a whole, do not contain material anomalies in a limited review is a moderate assurance, and less than that obtained as part of an audit.

Based on our limited review, we did not identify any material anomalies that could call into question the compliance of the condensed consolidated interim financial statements with IAS 34, the IFRS standard as adopted by the European Union relating to interim financial reporting.

II – Specific verification

We also verified the information provided in the half-yearly business report commenting on the condensed consolidated interim financial statements that were the subject of our limited review.

We have no observations to make on its fair presentation and its consistency with the condensed consolidated interim financial statements.

Paris La Défense, July 29, 2021

Statutory Auditors

KPMG Audit
A division of KPMG S.A.

Deloitte & Associés

Eric Ropert
Partner

Guillaume Crunelle
Partner

5 STATEMENT OF THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

Statement by the person responsible for the 2021 half-year financial report

I certify that, to my knowledge, the interim condensed consolidated financial statements for the last six months were prepared in accordance with applicable accounting standards and give a true and fair view of the net assets, financial position and results of all the companies included in the consolidation, and that the interim management report gives a fair description of material events that have occurred in the first six months of the year and their impact on the interim financial statements, the main related-party transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Ivry-sur-Seine, July 29, 2021

Enrique Martinez

Chief Executive Officer

FNAC DARTY

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Fnac Darty
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